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WORLD NEWS

Legal threat over US student loans

BankAmerica, a leading West Coast bank, may be sued to recover hundreds of millions of dollars expected to be lost in a badly-managed California student loan scheme.

Investors who backed the scheme face big losses because so many former students have defaulted, while the federal government has withdrawn its guarantees on the loans. The scheme hit problems when a computer programme ran amok and lost track of many borrowers. Page 2

Sikhs jailed for life

Sikh extremists Rajinder Singh Batth and Mangit Singh Sunder were sentenced to life imprisonment at the Old Bailey in London for shooting dead a religious leader and two of his followers at a prayer meeting in Southall, south London in 1987.

Sir James Miskin, Recorder of London, said the two had participated in a "disgraceful pre-planned slaughter". He recommended Batth serve at least 30 years and Sunder 20 years.

Technician's long hours

Senior BR signals technician Brian Hemingway told the Clapham rail crash inquiry that he worked seven days a week to maintain "a reasonable standard of living" and pay his mortgage. He accepted responsibility for a loose wire, which he believed he had left safe. Page 3

Spanish no-strike deal

European holidaymakers can look forward to three years free of Spanish air traffic controllers' strikes following a deal reached with their union. Page 2

Show of force near mine

Yugoslav tanks and troops staged a show of strength in the country's troubled southern Kosovo province where 600 miners stayed on strike for the second day running.

Drugs net widens

Dover customs officers found heroin worth £6m in a lorry from Turkey. The haul was the third big drugs seizure in two days and is thought to be Britain's second biggest of heroin.

Drugs worth a further £70m were seized in official raids elsewhere.

In north London, three people were charged with conspiracy to supply cocaine after £30m-worth of the drug was seized on Thursday.

AA backs random tests

The Automobile Association has changed its policy and thrown its weight behind the campaign to introduce random breath tests for motorists.

Kinnock pledge to Scots

Labour leader Neil Kinnock promised his party's Scottish conference that a Labour government would introduce legislation to set up a Scottish assembly. Page 3

West Berlin political deal

West Berlin's Social Democrats and the city's green party, the Alternative List, finalised a left-wing coalition government. Page 3

The Financial Times

The International Edition of the FT was not available in some parts of Europe yesterday. This was due to a strike of West German print workers which closed down the newspaper's Frankfurt printing plant. We apologise for the inconvenience. Some extra copies of the International Edition were distributed from the FT's plant at Roubaix, northern France. A few readers will have received the UK edition which was flown from the FT's London plant.

BUSINESS SUMMARY

Birds Eye to shed 1,000 Kirkby jobs

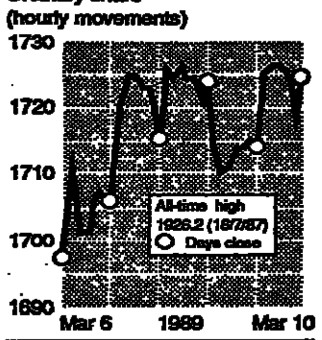
BIRDS EYE WALL'S, Britain's biggest frozen food maker, announced yesterday it is to close its factory at Kirkby, Merseyside, with the loss of nearly 1,000 jobs.

The company, a subsidiary of Unilever, the Anglo-Dutch consumer products multinational, said the workforce of 600 men and 400 women had failed to accept modern working practices. Page 22; Details, Tears at the gate, Page 3

FT ORDINARY ended 45.2 up on the week yesterday at 1,724.9, finishing off with a burst of confidence in the afternoon. Worries about US interest rates failed to check a flurry of selective and somewhat speculative demand for UK equities. Market Report, Page 15

FT Index

Ordinary share (hourly movements)



ADELAIDE STEAMSHIP, Australian trading and investment concern with a stake of just over 10 per cent in Commercial Union of the UK, achieved a 47 per cent boost in net profits in the half year ended December 31. The group lifted income to A$100.5m (£48m) in the interim period. Page 10

NIPPON Telegraph & Telephone's directors agreed to take a pay cut to show their regret over the Japanese group's involvement in the Recruit financial scandal. Page 22

JOHN LABATT, Canadian brewer which stands to lose its domestic market leadership to a merger of its two rivals, has recorded a 7 per cent fall in overall earnings, down to C$97.6m (£47m), for the nine months ended January 31. Page 10

COMPAREX Information Systems, mainframe computer company established two years ago as a joint venture between Siemens and BASF, both of West Germany, reported growth significantly better than the average for the industry with net profits last year up 15 per cent at DM46m (£14m). Page 10

VEBA, West German energy and chemicals conglomerate, is increasing its 1988 dividend to DM11 from DM10 a share on net group profit of DM1.07bn (£334m), up from DM948m in 1987. Page 19

DSM, Dutch chemicals group which was partially privatised this year and turned in sharply higher profits this week, is to pay Fl 500m (£139m) for Copolymer Rubber and Chemical, of the US. Page 16

INTEL and Advanced Micro Devices, two of Silicon Valley's largest chip makers who have been waging a long-running battle over microprocessor technology, have partially resolved their dispute with the announcement of an arbitrator's decision. Page 10

COATS Viyella, Europe's biggest textile group, suffered a 36 per cent fall in pre-tax profits from £212.8m to £135.2m in 1988 due to intense competition in the UK textile and clothing industries. Page 8; Lex, Page 22

MID KENT Water Company's plans for a radical restructuring which would have given it an eight-month head start over its 28 statutory rivals and the 10 water authorities, have been upset by increased investment by two French water suppliers. Page 8

Brady unveils plans to ease developing countries' debt burden

By Peter Riddell, US Editor in Washington

THE US yesterday outlined long-awaited proposals to ease the heavy debt burden of highly-indebted developing countries, suggesting for the first time that the International Monetary Fund and the World Bank should use their existing resources to support voluntary debt reduction between commercial banks and debtors.

The US has already secured the public backing of the Japanese Government which said yesterday it would increase its financial support for debtor countries and parallel lending by its Export-Import Bank in close co-operation with the IMF.

The proposals were put forward as suggestions rather than a formal blueprint by Mr Nicholas Brady, the US Treasury Secretary, in a speech to a conference in Washington sponsored by the Bretton Woods Committee, a private group associated with the multilateral lending institutions.

Mr Brady hinted at a relaxation of previous US opposition to an increase in IMF quotas, or available resources.

He said the implementation of these new efforts to strengthen the debt strategy "could help lay the basis for increase in IMF quotas."

However, he warned that other issues, including the problem of mounting arrears on loans by the IMF, would have to be addressed, although he hoped that a consensus could be reached on the quota question by the end of the year.

His main theme was that "to support and encourage debtor and commercial bank efforts to reduce debt and debt service burdens, the IMF and World Bank could provide funding, as part of their policy-based programmes, for debt and debt-service reduction purposes."

The speech envisaged the creation of separate pools within both bodies, thus expanding the access which debtor nations have to their resources.

The proposals are intended to "build on and strengthen" the Baker plan of 1985, presented by Mr James Baker, then US Treasury Secretary and current Secretary of State, and incorporate his key principles of the need for strong growth in debtor countries, internal reform, continuation of external financial support and a case-by-case rather than a universal approach.

However, Mr Brady's speech represents a substantial modification of the Baker plan in placing most emphasis on debt reduction rather than additional amounts of commercial bank loans.

Mr Brady gave no figures and US Treasury officials merely said that substantial amounts could be involved. The next stage will be discussions among creditor and debtor governments, the commercial banks and the multilateral lending institutions.

Addressing the same conference as Mr Brady, Mr Michel Camdessus, the IMF managing director, said its executive board would meet next Wednesday to review Third World debt issues.

This will include Mr Brady's proposals and will lay the groundwork for discussions of finance ministers and central bankers due to meet in Washington in three weeks' time.

The key development yester-
Continued on Page 22

Trade statistics are a mess, says the Treasury

By Simon Holberton, Economics Staff

THE TREASURY yesterday called Britain's balance of payments statistics a mess after the issue of official figures which showed a £15.2bn so-called black hole in last year's accounts.

This unaccounted-for sum was greater than the revised 1988 current account deficit of £14.7bn, Central Statistical Office figures for the fourth quarter of last year show.

The Treasury sought to buttress its claim that the trade deficit was overstated by reference to a study of the UK national accounts for 1985 to 1987, issued by the Central Statistical Office yesterday.

It said the study backed many of its views on the poor state of official statistics, especially those on the under-recording of company investment, the over-recording of the trade deficit and the exaggeration of the fall in personal savings.

However, the Central Statistical Office was careful to emphasise the subjective nature of its study, which it described as being experimental and constituting work-in-progress.

It said the study, which it plans to continue, did not replace existing official statistics but contributed to the debate on the quality of national and financial accounts.

The office said: "Although the results are interesting, so far they have not produced accounts that the Central Statistitical Office considers to be uniformly 'better' than those regularly published."

The study presents a way to apportion the various black holes, that is statistical discrepancies and balancing items, to main sectors of economic activity.

The method used to produce the balanced accounts comprised official experts' best guesses and various mathematical means of manipulating data.

The existence of big discrepancies and balancing items has made interpretation of the UK economy difficult for policy-makers and other users of official figures.

These problems have led to an inquiry by the Government into the collection of official statistics and to an inquiry by the Commons Treasury and Civil Service Committee.

The result of the Government's inquiry, which might lead to changes in the current administrative structure for the collection of official statistics, is not now expected to be known until after Easter.

The main results of the study by the Central Statistical Office indicate that:

- Company profits have been consistently overstated and investment has been understated. Investment in 1987 may have grown by 13.5 per cent, compared with the 11 per cent which was previously recorded.

Over the same period the profits of industrial and commercial companies may have increased by 21 per cent instead of by 23 per cent.

- The personal sector savings ratio may have declined from 10.5 per cent of income in 1985 to 7.3 per cent in 1987, compared with the official estimate which shows savings falling from 9.5 per cent to 5.5 per cent over the same period.
- The current account trade surplus may have been bigger in 1985 and there may not have been a small deficit in 1986 but a large surplus.

The trade deficit in 1987 could have been £1.5bn instead of £2.5bn.

- There was a sharp fall in personal sector investment in securities. Instead of investing £5.5bn in securities in 1987, the personal sector may have reduced its holdings by £5.6bn.

Meanwhile, the fourth-quarter trade figures issued yesterday showed a steep decline in the surplus on invisible trade, to £800m from £2.3bn, in the period from July to September.

The Central Statistical Office said this fall mainly reflected a change in the timing of British payments to the European Community. It warned that the figures were liable to substantial revision in later months.

An investigation into balancing the UK national and financial accounts, 1985-87. Economic Trends, No. 424. February, 1989. HMSO. £9.25.

Editorial Comment, Page 6

Employers to run £3bn framework for training

By John Gapper in Newcastle-upon-Tyne

THE Prime Minister yesterday launched the Government's employer-led training framework with a television link to carry the message to groups of business people around the country.

Mrs Margaret Thatcher spoke in Newcastle-upon-Tyne as the guest of Mr Norman Fowler, Employment Secretary, on a closed circuit breakfast television show devoted to the merits of the new Training and Enterprise Councils.

Her words were transmitted to employers in Manchester, Saltash and London.

The Newcastle audience greeted the offer of £3bn to run local and national training schemes with cautious enthusiasm mixed with trepidation.

For Mrs Thatcher, TECs had a noble purpose. "Are we perhaps re-enacting, on a far larger scale, the tradition when father taught son all the skills of his trades, when the city guilds set the standards, and apprentices learned from their masters?" she said.

Mr Fowler, whose presentational skills are highly rated, shared control of the proceedings with Ms Pamela Armstrong, former news reader with Independent Television News. He seemed equally at home in the world of autocues and "live links and feeds" as he put it.

He was joined by Mr John Hall, the evangelical Tyneside property developer, whose Metrocentre shopping city appeared as the centrepiece of an introductory film proclaiming the virtues of the enterprise culture and the need for training.

The point of the electronic wizardry was to impress, and attract support from, the employers whom the Government wants to join each TEC's board of directors. Mr Fowler was eloquent on the calibre and carefree nature of these select men and women.

"We need leaders with the vision, energy and expertise to get the job done. We are seeking chief executives and managing directors willing to put their reputations on the line," he told his disparate audience.

In Newcastle, any doubts about joining the five TECs planned for the North-east were due less to this alarming job specification than uncer-
Continued on Page 22
Employers to take lead, Page 4; Birds Eye jobs go, Page 22

The Training and Enterprise Councils

- Employer-led local bodies, in form of companies limited by guarantee with strictly defined management and performance contracts, responsible for overseeing £3bn of national training programmes such as the Youth Training Scheme and Employment Training.
- About 100 to be formed over the next four years, each covering about 250,000 people, with an average budget of £20m and about 50 staff.
- Two thirds of TEC directors to be private sector senior managers with the remainder from local authorities, trade unions and from other bodies.
- Local training initiatives to be encouraged, with each TEC having initial £250,000 on average to advance objectives. The Government will match money raised privately up to £10m a year across country.
- Performance bonuses to be awarded to TECs for these local initiative funds if three-year targets are met.
- Groups wanting to become TECs and therefore eligible for development funding of up to £100,000 in order to formulate initial business plan must apply to National Training Task Force by April 28.

Archaeologists to seek Globe remains

By Christian Tyler

ARCHAEOLOGISTS are to be given three months to look for remains of the Shakespeare's Globe theatre in Southwark, London, following the discovery of another Elizabethan playhouse at a site nearby.

Experts think the chances of finding some of the Globe's foundations are quite high, confirming the site as one of international importance.

Shakespeare's four great tragedies and at least 12 further plays were first staged at the Globe. The playwright owned 10 per cent of the theatre and performed there.

Negotiations between Museum of London archaeologists and Hanson Properties, an arm of Hanson, the British industrial conglomerate which owns the site, are expected to be completed before Easter. Hanson said yesterday that the museum would be given three months in which to make a trial dig for the first tangible evidence of the Globe, whose historical records are sketchy.

Hanson's consent follows the unexpected discovery nearby of the foundations of the less well-known Rose playhouse, suggesting that the Globe, too, may give up its secrets. Historians agree that the Globe, built in 1599 and rebuilt after a fire in 1613, stood just to the east of what is now the southern approach to Southwark Bridge and the new headquarters of the Financial Times.

Part of the old site is thought to lie under the bridge ramp. A brewery stood on the area for 200 years. That was demolished a few years ago and the concrete of the car-park that replaced it was this week being ripped up for the archaeologists' benefit.

Last night Mr Sam Wanamaker, the American actor-director, said in Los Angeles that he had asked Lord Hanson, chairman of Hanson, to allow room under any new building for a permanent exhibition of any remains.

Mr Wanamaker said that in the light of developments he might have to delay work on his £18m conjectural reconstruction of the Globe nearby. The main contract is due to be awarded in a few weeks.

"The spotlight of the world is on the area now," he said.
Weekend FT 1

Weekend FT

WE'RE ON TOP OF THE GLOBE

Archaeologists have been given three months in which to uncover the remains of Shakespeare's Globe theatre — on a site next to the FT's new offices. We have an exclusive report by Christian Tyler

MARKETS

STERLING
New York lunchtime:
$1.7175
London:
$1.7155 (1.718)
DM3.195 (3.1975)
FFr10.8375 (10.85)
SFr2.73 (same)
Y222 (221.75)
£ Index 95.6 (95.9)

GOLD
New York: Comex Apr
$396.5 (397.3)
London:
$393¼ (392)

N SEA OIL (Argus)
Brent 15-day Apr
$17 (17.075)

Chief price changes yesterday: Page 22

DOLLAR
New York lunchtime
DM1.8615
FFr6.3125
SFr1.5897
Y129.47
London:
DM1.8625 (1.8615)
FFr6.3175 (6.315)
SFr1.592 (1.589)
Y129.45 (129)
$ Index 67.8 (67.6)
Tokyo close: Y128.88

US LUNCHTIME RATES
Fed Funds 9$\frac{13}{16}$%
3-mo Treasury Bills:
yield: 9.038%
Long Bond: 97$\frac{3}{8}$
yield: 9.125%

STOCK INDICES
FT-SE 100:
2,085.2 (+9.3)
FT Ordinary:
1,724.9 (+10.8)
FT-A All Share:
1,083.32 (+0.4%)
FT-A long gilt yield
Index high coupon:
9.17 (same)
New York lunchtime
DJ Ind. Av.
2,277.14 (-14.29)
Tokyo: Nikkei
31,701.78 (+45.33)

LONDON MONEY
3-month interbank:
closing 13% (12$\frac{31}{32}$)

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Austria Sch22; Bahrain Din0.650; Bermuda $1.50; Belgium BFr48; Canada C$1.00; Cyprus C£0.90; Denmark DKr10.00; Egypt E£2.25; Finland Fmk7.00; France FFr7.00; Germany DM2.30; Greece Dr120; Hong Kong HK$12; Iceland IKR125; India Rup15; Indonesia Rp3,100; Ireland I£0.60; Israel NS3.50; Italy L1700; Japan Y600; Jordan Fils.500; Kuwait Fils.500; Lebanon $L125; Luxembourg LFr48; Malaysia Rin4.25; Malta 40c; Mexico Pes300; Morocco Dh6.00; Netherlands Fl3.00; Norway Nkr10.00; Portugal Esc120; S.Arabia Rls7.00; Singapore S$4.10; Spain Pta145; Sri Lanka Rup30; Sweden SKr9.00; Switzerland SFr2.30; Taiwan NT$65; Thailand Bht50; Tunisia Din0.600; Turkey L600; UAE Dh6.50; USA $1.00.

Banks may sue over US student loan losses

By Rod Oram in New York

SEVERAL Japanese banks said yesterday they were considering legal action against BankAmerica, a leading West Coast bank, to recoup several hundred million dollars they expect to lose in a badly managed US student loan programme plagued by computer software problems.

A group of Japanese banks and Citicorp, the largest US bank, had issued letters of credit to guarantee notes sold by the California Student Loan Finance Corporation. The quasi-public body packaged student loans and sold them in US credit markets. BankAmerica is the trustee for $1bn worth of the notes.

Investors who bought the notes are now facing large losses because of heavy defaults by former students on the packaged loans. The federal government has withdrawn its guarantees on the loans, saying they were badly administered. As a result the letters of credit are likely to be called to cover investors' losses.

BankAmerica had said this week that the loan losses could total between $450m and $650m, but various other banks involved with the programme believe the estimate is far too pessimistic.

"We think BankAmerica is responsible for the issue, and this is stipulated in the indenture," an official of one Japanese bank said. A spokesman for Dai-Ichi Kangyo Bank said it was considering legal action and other ways to recoup its potential losses

The other Japanese banks included Industrial Bank of Japan, Bank of Tokyo, Mitsubishi Bank, Mitsubishi Trust and Banking, Fuji Bank and Sanwa Bank.

BankAmerica had also said this week it was adding an unspecified sum to its reserves in the first quarter to cover the defaulted loans. The bank's holding company, which has been recovering from financial problems over the past several years, said the charge would not have a material effect on its 1989 earnings. It had also taken a $96m fourth-quarter charge for the same programme and other bad loans.

The loan programme ran into problems when United Education and Software, which was hired by the California Student Loan Finance Corporation to administer the loans, changed its computer system in October 1987. For the next eight months or so, the new system run amok, losing track of many borrowers.

BankAmerica has lobbied the Education Department in Washington to reinstate its guarantees on the loans. It has refused, saying the programme was not administered according to the government rules.

The Department has been cracking down on vocational schools. Many have notorious high default rates by students who take short courses in hairdressing, appliance repair, plumbing and other trades. It is believed to be concerned also that United Education and Software not only administers a loan portfolio worth about $1bn but also operates trade schools.

Moscow residents vote for one of their candidates with a show of hands

US jobless close to lowest for 15 years

By Nancy Dunne in Washington

US UNEMPLOYMENT sank to 5.1 per cent in February, the lowest level in nearly 15 years. This gave rise to new inflationary fears and concerns about interest rate increases.

Labour Department figures, released yesterday, showed stronger growth than had been expected by the markets in both January and February, and prompted selling of stocks and bonds. The Dow Jones Industrial Average initially dropped by 15 points in low-volume trading.

Economists had estimated the creation of about 250,000 jobs last month and expected a downward revision in the number of jobs added in January. Instead, the Labour Department reported an employment increase of 289,000 last month and revised January figures upward – from 408,000 to 415,000.

The news was tempered, however, by a warning from Dr Janet Norwood, Bureau of Labour Statistics Commissioner, that the decline in joblessness had occurred among groups whose unemployment tends to be most erratic.

"We need another month or so of data to determine whether this single-month phenomenon will be sustained," she said.

The February decline in joblessness occurred almost solely among people aged 16 to 24, and dropped little among workers 25 and older. Hispanics, who comprise only 7.5 per cent of the registered workforce, accounted for 40 per cent of the rise in employment that month.

"Sudden movements in these more volatile series are frequently followed by similar movements in the oppose direction," Dr Norwood said.

Inflation worries could be somewhat ameliorated by the negligible increase last month in average hourly earnings, rising from $9.50 (£5.50) in January to $9.51. However, economists expect the tightening labour market to produce larger pay rises this year, particularly since wages last year lagged behind cost-of-living increases.

Spanish air traffic 'free of strikes for 3 years'

EUROPEAN holidaymakers can look forward to three years free of strikes by Spanish air traffic controllers, a senior aviation official said yesterday, Reuter reports from Madrid. Mr Carlos Plasencia, General Spain's Civil Aviation Director, said unions had renounced all work stoppages under an agreement signed last week.

Swiss quit Egyptian chemicals project

By Tony Walker in Cairo

A SWISS company has severed its connection with a pharmaceutical factory under construction near Cairo, after reports surfaced that the facility may be used to produce deadly nerve gases.

Krebs and Company, based in Zürich, announced yesterday that it was withdrawing from the project at the request of the Swiss authorities. "We were asked to give up this project and we have done so," Mr Hans Rudolf Weber, managing director, said.

In Cairo, an Egyptian military spokesman denied that Egypt had bought parts to build a poison gas plant. "Of course, nothing like that happened," Brigadier Nagi el-Tohami, Defence Ministry spokesman, was quoted as saying.

The New York Times, quoting US and Swiss officials, reported yesterday that "Egypt has made a major effort to improve its ability to produce poison gas by acquiring the main elements of a plant from a Swiss company."

Mr Klaus Jacobi, State Secretary in the Swiss Foreign Office, was reported to have sent a letter to Krebs last week asking it to sever its relationship with the project.

Egypt, a Swiss official was quoted as saying, had declined to provide assurances that the plant would be used for civilian purposes. Egypt would not disclose which chemical would be produced at the plant.

In Berne, a Swiss Foreign Ministry official said yesterday that, while there was no proof, it had been suspected for some time the plant could be used to make chemical weapons. "It is not in Switzerland's interest for any Swiss enterprise to contribute wittingly or unwittingly to the spread of chemical weapons," he said.

The Krebs managing director said his company had contracted to co-ordinate the delivery of equipment made by European companies for a plant to make pharmaceuticals. He did not give further details of items of equipment delivered.

Asked whether he still believed the plant was for making pharmaceuticals, Mr Weber said: "So long as we have no proof that poison gas is made in this plant, we must legally believe the customer is right."

The chemical plant is within a military complex at Abu Zaabal, north of Cairo.

Egypt also proposes to assemble the US-supplied M-1A1 battle tank at a factory being built at Abu Zaabal.

Egypt has long been listed among Middle East states suspected of having capability to make chemical weapons.

California moves against guns

By Louise Kehoe in San Francisco

IN AN historic vote, the California State Senate has passed a bill to outlaw assault rifles throughout the state. If a similar bill currently before the state Assembly is passed, California will become the first US state to ban the paramilitary style weapons.

Bipartisan support for the measure was roused by a schoolyard massacre in Stockton in January, when a gunman killed five schoolchildren and injured 29 others, as well as a teacher, before turning a gun on himself.

Concern about semi-automatic weapons has also been raised by drug-related killings in Los Angeles where assault rifles have become gang members' weapons of choice.

The Senate bill will now go before the state Assembly, where similar legislation is already under consideration. Supporters of the ban say that they face a close vote in the lower house of the state legislature but they are increasingly optimistic.

"This is the first time we ever succeeded passing in any one house a piece of legislation over the objections of the National Rifle Association," said Senator David Roberti, author of the bill.

The NRA has lobbied against the measure, keenly aware that California is often a trend setter in social legislation. Despite the Senate vote, the NRA said the battle was far from over and vowed to renew efforts to persuade legislators to reject the gun control bills.

Opponents of the measure have argued it will not reduce crime and will infringe constitutional rights of citizens to bear arms.

Under the Senate bill, people owning assault weapons before next October 1 could keep the firearms but would have to register them. Gun dealers would have until January 1 to sell their firearms or otherwise get rid of them before sales of the weapons were banned statewide.

Delors gesture on money plan

By David Buchan in Brussels

MR Jacques Delors, the European Commission president, yesterday signalled his willingness to accommodate the UK on new institutional monetary changes, but hinted that Britain might be stirring a "phoney controversy" over EC budget fraud to deflect monetary reform in the Community.

His remarks on the monetary and fraud issues were clearly directed towards London, given the UK stance of lagging furthest behind on monetary reform but pressing furthest ahead on combatting EC fraud, which finance ministers will discuss on Monday.

Mr Delors said angrily that he would "violently oppose any attempt to destabilise the Commission on the fraud issue." The Commission could not be "put in the dock" on this.

Mr Delors chairs a special committee, composed largely of central bank governors of the Twelve, which is due to report next month on next stages towards economic and monetary union. He said yesterday he expected this report to be discussed by EC government heads at their June summit in Madrid, adding that "any attempt to prevent that outcome will be fought by me vigorously." Mrs Margaret Thatcher, the British Prime Minister, has asked for Community spending fraud to be discussed at Madrid.

However, Mr Delors had conciliatory signals to send London in the eulogy on the European Monetary System which he delivered yesterday in advance of the EMS's 10th anniversary on Monday. The EMS, in which eight of the 12 EC currencies are tied together, had shown the advantage of "variable geometry." This allowed "those who wanted to go forward to lead the convoy" but others could stay outside "for transition periods."

Mr Delors said it was a mistake to set fixed deadlines for evolution in monetary institutions. Saying that "lessons from the past are sometimes useful for the future," he seemed to indicate that next month's monetary report would set no timetable for change.

SPD, Greens agree Berlin coalition

By Leslie Colitt in Berlin

A UNIQUE left-wing coalition government in West Berlin was finalised yesterday by the Social Democrats (SPD) and the Alternative List (AL), the city's Green party.

The red-green coalition will put West Berlin in the political limelight because of the special status of the city under the three Western allies and the implication of a possible West German federal governing alliance of the opposition SPD and Greens.

Mr Walter Momper, SPD leader in West Berlin who will become governing mayor, said the coalition would carry out a "new policy" for the city. The chief AL negotiator, Mr Christian Ströbele, said Berliners would "marvel" at the AL and its co-operation with the SPD.

The two parties were the main winners – along with the ultra-right Republican party – in an election in January when the ruling Christian Democrats lost heavily. The voters gave the CDU and the SDP 55 seats each in the legislature and the AL 17.

In the final round of negotiations yesterday, the AL was given three departments in the city government – Urban Development and Environment, Schools and Social Affairs. The AL gave up a bid to head Justice and take the deputy mayoralty.

Mr Eberhard Diepgen, outgoing CDU mayor, said the Allies were "worried" about the AL presence in government. He called on German industry not to scale down its investments.

Irish meat fraud probes denied

By Kieran Cooke in Dublin

TWO IRISH meat companies have strongly rejected allegations that they are the subject of major fraud investigations. The allegations were made in the Dail, the Irish Parliament, against Goodman International, Europe's largest meat processor and exporter, and the Halal Meat Packers Group.

Goodman International said the comments by two members of the Dail were both false and malicious. "In recent months Goodman International has been subjected to an extraordinary whispering campaign designed to damage its reputation," a statement said. "These allegations have already caused serious damage to Goodman International both in Ireland and overseas," it added.

The Halal Group said it totally refuted the suggestion in the Dail that the group was being investigated by the fraud squad or was involved in fraudulent activities involving EC funds.

Lhasa under patrol

Lhasa was tense but quiet yesterday, the anniversary of the 1959 Tibetan uprising and flight of the Dalai Lama, as police and troops patrolled in force following three days of riots and the imposition of martial law, reports Colina MacDougall.

There were many more arrests, foreigners working in the Tibetan capital said, and Tibetans were fearful of the reprisals which might follow.

Tourists arriving in Hong Kong after their ejection from Lhasa by Peking said yesterday that casualties in the violence were much larger than previously believed. Deaths now totalled over 600, according to Tibetans they had spoken to.

Brazil credit offer

The World Bank has offered Brazil a credit of $1bn over the next 18 months, the Brazilian government announced yesterday, Reuter reports from Brasília. The Planning Ministry said a visiting delegation of the bank had made the offer.

Relations between Brazil and the World Bank had recently been strained after the bank refused to release a $500m loan for the electricity utility Eletrobrás, citing reservations about a nuclear power plant. The World Bank said the Angra III nuclear reactor was not economically viable.

Zimbabwe scandal

Zimbabwe's Willowgate car scandal claimed its second ministerial victim yesterday when Mr Enos Nkala, Defence Minister, resigned from the cabinet after admitting that he lied to the Judicial Commission of Inquiry, Tony Hawkins reports from Harare.

Mr Nkala had seemed to clear himself last week when he denied having resold a car, which he obtained by using his privilege as a minister, for a huge profit. This week, however, his wife and a prominent Bulawyo businessman contradicted the minister.

Honduras payments

The Honduran government has suspended all payments on its $3.1bn foreign debt after its failure to come to agree with International Monetary Fund officials on an economic adjustment package, Tim Coone writes from Managua.

Polish post row

Postal workers in Warsaw yesterday stepped up pressure on the authorities to raise their low salaries as more and more post offices stopped serving customers, while workers at the main post office occupied the building, Christopher Bobinski reports from Warsaw.

SA miners die

Ten black miners have been asphyxiated in fire which engulfed wooden supports in an airway 1.5 miles underground at South Africa's Vaal Reefs gold mine late on Thursday, Jim Jones reports from Johannesburg.

German print action

A 10-day wave of strike action in the West German printing industry ended yesterday as employers and union representatives reached agreement on compromise working-time rules, David Marsh writes from Bonn.

The accord, which heavily constrains weekend working, amounts to a clear victory for the I.G. Druck printworkers' union.

Glasnost sheds little light on Soviet election race

James Blitz in Moscow hunts for elusive runners and dark horses in the first multi-candidate poll

IT MAY be the Soviet Union's first multi-candidate election, but who are the candidates? Although some lists for this month's parliamentary election have been published (in Moscow, for instance) the runners and riders have not been published for the country as a whole.

In Western elections, the pundits spend the whole time trying to predict the winners. Here they try to predict who the competitors are.

All we know is that in three-quarters of constituencies there will be a race between at least two candidates. There are also reports that some party officials have had a rough time getting nominated for a seat in the new Congress of People's Deputies.

Take Mr Octav Bagirov, for instance, a member of the Party Central Committee in the southern Republic of Azerbaijan, who had a seat in the outgoing Supreme Soviet. This week, one of the weeklies re-ran choice moments from his nomination meeting in Baku:

Heckler: This is a big industrial town which depends on public transport. The local leadership asked you to get the trams working again. They're still not working.

Bagirov: I'm not an office boy doing errands. (Boos.)

Another heckler: I represent the workforce at the Lieutenant Schmidt factory, one of the key factories in this area. Why have you never once come to visit us?

Bagirov: I have attended the party committee at the factory. But if you want me to visit the factory as a whole, then put in a request. (Boos.)

Mr Bagirov has never spent much time kissing babies. Rather than nominate him, officials at the meeting wrote to the local election authorities insisting that Mr Bagirov be forbidden to stand anywhere in Azerbaijan. If a list of candidates appears for his region, I shall seek his name on it.

While Mr Bagirov is trying to get in, Mr Arvidas Juozaitis has decided to get out. Mr Juozaitis is one of the brightest leaders of Sajudis, the Lithuanian nationalist movement, that will almost certainly trounce Communist Party candidates in many seats in that republic.

He decided to stand against the Party First Secretary in Lithuania, Mr Algiras Brazauskas. What began to bother Mr Juozaitis was that he was doing too well, getting many more nominations from work collectives than the party chief. It was the prospect of a landslide that forced him to withdraw. That, says the Sajudis man, would have strained Moscow's tolerance to breaking point.

The zaniest race in the country is definitely the one for Moscow Constituency No 7. The district's 150,000 voters have to choose from a list of 12 candidates, which reads like the cast of a feature film.

There is a naval commander, an ex-cosmonaut, a child psychologist, a military historian, a philosopher, a film director, a TV commentator, an epidemiologist, the manager of a railway station, two engineers, a car mechanic and a fitter at a metal concrete construction factory.

On Monday night, Moscow regional television invited the whole lot to take part in an unmissable election phone-in. Each candidate had a maximum of 60 seconds to respond to questions that would take a week to answer.

"Do you believe in total glasnost?" the film director was asked. "Yes, I want the total deregulation of Soviet television," he replied.

Soviet Elections

"Do you think we should have Western-style parliamentary opposition?". The epidemiologist said "yes", as long as it was "constructive" opposition.

"What do you think of the decision of the Central Committee's decision to put forward exactly 100 candidates for their 100 seats in the Congress, rather than hold a proper contest?" "Not a good thing at all," said the TV commentator, without a moment's hesitation at the thought of insulting the holy of holies.

The questions were astonishingly close to the knuckle, even by present standards ("Hasn't socialism completely failed?"). But each caller had his full name and address read out, down to the apartment number. The regime's critics are getting fearless.

Even so, there was an element lacking in that phone-in that is missing in the campaign as a whole: debate. Every candidate is for perestroika, every candidate thinks things haven't been good enough so far. Yet there has been no cut and thrust debate over issues.

In the Politburo, there is a huge political debate going on about the future of agriculture in the run-up to next week's Central Committee plenum. And there are two combatants: Mr Gorbachev, who wants to extend the private leasing sstem among farmers and Mr Ligachev, who said last week that the collective farm is here to stay.

Yet there is no sign that the debate in the Politburo is being reflected in the national government election. No-one encapsulates his or her position with the phrase: "I am for Ligachev" or "I am for Gorbachev" or "I am for Stalin." Not once in that two-hour phone-in was a view encapsulated by reference to a political figure.

For once, an election needs to be about the personalities rather than the policies.

One of Izvestia's writers revealed on Wednesday that the proportion of election candidates who are Party members is much greater than had been expected. Some 85 per cent of the candidates vying for the 1,500 territorial seats to the Congress are Communists, and the corresponding number for the 750 public organisation seats is 88.4 per cent.

What arouses mild suspicion is that in the last Supreme Soviet elections, the Party accounted for only 71.4 per cent of candidates. So why the increase?

Izvestia says lots of people have nominated Communists as candidates because the Communist party invented perestroika, and everyone wants perestroika.

However, lest anyone mentions the word "fix", the Foreign Ministry has informed journalists that they will be allowed to attend all of next week's meetings of the public organisations, to see them elect their 750 candidates to the Congress fairly and squarely.

Mr Gennady Gerasimov, the Foreign Ministry spokesman, caused a mild stir at the International Press Centre on Tuesday, when he announced that journalists would even be admitted to the Central Committee building to watch the most important public organisation do its stuff.

The number of Westerners who have ever been admitted through the doors of the huge grey building can easily be counted on the fingers of one hand. Unfortunately, the number of journalists busting to get into the building cannot.

Mr Gerasimov was concerned that everyone would want to get into the central committee and no-one would want to attend meetings of the Inventors' Union or the Stamp Collectors'. Yesterday, however, he had to go back on his word: now no foreign correspondents at all will be allowed in.

Moscow to buy Iran's gas again

By Quentin Peel in Moscow

THE SOVIET Union is set to renew its contract to buy piped natural gas from Iran, suspended since 1980, in the latest demonstration of Moscow's desire to revive relations with its neighbour.

Soviet willingness to buy 2bn to 3bn cubic metres of gas a year has been spelt out by Mr S.S. Kashirov, Soviet Deputy Minister for Gas, after talks in Tehran.

The deal seems convenient to both sides, enhancing Iranian exports, and easing an incipient energy crisis in the Soviet trans-Caucasia.

It goes some way to explain the unwillingness of the Soviet Union to criticise Iran in the West's dispute over the Salman Rushdie affair, and Moscow's readiness to turn the other cheek when attacked by the Ayatollah Khomeini, Iran's spiritual leader.

Final terms for the gas contract have not been agreed, Mr Kashirov told the newspaper Sovietskaya Rossiya, but they would have to be "balanced and mutually beneficial." He said Moscow would pay for the gas with machinery and equipment, including spare parts and units for the gas pipeline, which is to be reopened.

Iran had suspended supplies because of a Soviet refusal to pay the world market price for its natural gas.

That dispute caused serious problems in the trans-Caucasus, the Soviet report said. However, Armenia and Azerbaijan face now an even more serious energy shortage. The nuclear power station in Armenia is being closed because of public anxiety over its position in an earthquake zone, and a new nuclear station for Azerbaijan has been cancelled.

Both stations are to be converted to natural gas, which will have to come 3,000 kilometres from Siberia if no gas is available from Iran.

Record world wheat crop expected this year

By Richard Mooney

A RECORD world wheat crop of 540.4m tonnes is forecast for this year in the International Wheat Council's latest market report, published yesterday.

The council's first estimate of the coming harvest compares with 503.7m tonnes in 1988 – when production was depressed by a North American drought – and is ahead of the previous record of 538m tonnes in 1986. It stresses, however, that the final outcome will depend on weather and crop developments.

The record figure is based on expectations of increased sowings in most of the main producer countries, including the US, Canada, the Soviet Union, China and the European Community.

In the US, the world's biggest exporter of wheat, the council predicts a 12 per cent rise in planted area as producers respond to the higher prices resulting from production setbacks last season and to a reduction in the land set-aside requirement under the country's acreage reduction programme, from 27.5 to 10 per cent.

Moisture deficiencies following the drought had been fairly widespread, the report says, but these have been relieved by heavy rains.

The Canadian crop is set for an even more dramatic recovery, the council predicts, rising from 15.5m tonnes in 1988 to 26m.

For the Soviet Union, the council forecasts a 1989 crop of 90m tonnes – up from 84.5m in 1988 – and for China's crop it predicts a 2m tonnes rise to 89m tonnes.

In the EC, increased plantings, helped by recent rains, are projected to raise the wheat harvest from 75.9m tonnes in 1988 to 76.7m tonnes. The council notes that response in the Community to the new voluntary land set-aside scheme has been limited.

Plea for UN 'green' body

By Laura Raun in the Hague

SOME 24 countries plan to issue a political appeal in The Hague today calling for a stronger United Nations' body to enforce environmental standards for the atmosphere.

Government leaders will sign a declaration in the Peace Palace that urges UN members to grant stiffer sanction powers to a new or existing UN order whose mandate would be legally interpreted by the International Court of Justice. Mr Hans van den Broek, the Dutch Foreign Minister, said that current institutions were too slow in decision-making and lacked teeth adequately to combat global warming and ozone layer depletion.

Today's summit is a French initiative on Dutch soil with Norwegian co-operation. An arbitrary selection of countries was invited to serve as a catalyst for an institutional attack on atmospheric pollution. The US, Soviet Union and China were excluded.

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Kinnock hardens commitment to Scots assembly

By James Buxton, Scottish Correspondent

MR NEIL KINNOCK, the Labour leader, yesterday gave one of his strongest pledges to date that a Labour government would swiftly create a Scottish assembly.

He coupled the pledge, delivered to the annual conference of the Labour Party in Scotland, with a vigorous assertion of Labour's commitment to the union of the United Kingdom and its opposition to the separatist policies of the Scottish National Party.

In a wittily delivered and warmly received speech, Mr Kinnock went a long way to removing doubts in the Scottish Labour Party about his commitment to a Scottish assembly. Those doubts have mounted over the past year since Mr Kinnock, who was opposed to devolution during the 1970s, omitted any mention of the subject in his speech to the conference last March.

Mr Kinnock said: "A Labour government will, upon election, immediately introduce the legislation necessary to establish and empower the Scottish assembly. That is our pledge. We shall keep it."

However, he did not say that an assembly would have tax-raising powers, which is the official party stance.

The Labour leader scorned the SNP for wishing to take Scotland out of the UK and into independence as a member of the EC.

He said: "With one bound they will be out of the chains of taxation from Whitehall and into the warm embrace of taxation from Brussels."

Separatism would play into the hands of multinational companies that were "merging, amalgamating, wheeling and dealing price agreements and cartel arrangements" to cope with the single European market after 1992.

Mr Kinnock won strong applause for an attack on the Government's handling of the Channel tunnel rail link.

He said: "It is a government so arrogant that it favoured the building of a rail link straight across the garden of England in much the same way that the Romans built roads across tribal lands."

The Government never gave "a single thought to the need to plan for the results of that Channel tunnel," he said.

But, he said, the realities were catching up with them. The interests of the whole of Britain demand direct rail links from Wales and Scotland through England to the tunnel.

Britain also demanded the same attitude to regenerating railway development as that shown by other European countries "that are not impaled on prejudice against public planning and public investment," he said.

ITV body attacks plans for auction

By Raymond Snoddy

BRITAIN'S 16 ITV companies yesterday launched their campaign to persuade the Government to drop plans to award commercial television franchises to the highest bidder, saying great damage would be done to the quality and range of programmes.

In evidence on the Government white paper on broadcasting, submitted yesterday to Mr Douglas Hurd, the Home Secretary, the ITV companies said the auctioning proposals were the key element in the white paper.

The ITV case draws on a number of independent research studies warning of the dangers in going ahead with auctions.

Mr Cento Veljanovski, a broadcasting economics specialist warns: "Under the white paper proposals, programming and contractor stability will be sacrificed in rather severe terms in return for revenue maximisation and transparency in the franchising process."

Mr Richard Dunn, chairman of the ITV Association and managing director of Thames Television, said all the companies accepted that there should be some form of competitive tender for franchises and put forward alternatives to the highest bidder method:

- Giving the new Independent Television Commission the discretion to appoints other than the highest bidder.
- The Treasury should value franchises in cash, or as a proportion of net advertising revenue, and licences would be awarded to existing contractors. The inefficient would be sorted out by takeovers.
- Set a rental price for use of the broadcast frequencies or price the overall value of the contract, but award licences on the basis of programme plans and performance.

The ITV companies accept many of the Government's proposals, including the launching of a fifth channel, making ITV companies responsible for their own networking arrangements and subject to takeovers. A three-year moratorium on takeovers from January 1992, would be wise, the ITV submission argues.

The submission calls on the Government to drop plans for a separate night-time franchise and says Channel 4's remit, and the regional base of ITV, will be threatened if the channel is separated from ITV.

Mr Dunn said that, if the Government did not modify its proposals, "our concern is that the viewers may well get a reduced range of programmes on Channel 3 compared to ITV and a less effective regional television service."

Tears at the gate as Birds Eye plant shuts

Ian Hamilton Fazey on the stunned reaction of 1,000 workers to sudden redundancy

DISBELIEF and tears were in ample evidence at the Kirkby factory gate yesterday. Few had believed that the factory would close with the loss of 1,000 jobs if the workforce held out in its negotiations over flexible working and redundancy terms, especially after 30 years on the site.

Indeed, Birds Eye is an institution on Merseyside, where Unilever has more than 7,000 employees in a wide range of food factories. Kirkbyites even took a perverse pride in the factory's role in the award-winning film Letter to Brezhnev, when it featured – anonymously – as the place where one of the heroines worked.

Mr Tommy Hall, a driver who delivers ingredients to the MenuMaster production line, summed it up. "As far as we knew we were still negotiating," he said.

Father Paul Thompson, Kirkby's industrial chaplain, hurried into the factory to talk to workers still gathered in shocked groups half an hour after their shift had ended.

"You cannot say it's the workers' fault," he said. "Unemployment here is 27 per cent. People everywhere are ready for work. They would not want to lose their jobs in a million years. The union guys are caring people and they will fight to win the last penny for their workers. They just try to get the best deal they can."

Father Thompson was a parish priest in Kirkby years before becoming industrial chaplain in 1986 and knows the social effects of Kirkby's long-term unemployment well.

His job is an ecumenical one and he was despatched to the factory by Merseyside's church leaders, the Rt Rev David Sheppard and Mgr Derek Worlock, the Anglican Bishop and Roman Catholic Archbishop of Liverpool respectively.

The company had been asking for 380 redundancies and flexible working. "We have been trying for over two years," Mr Allan Price, the chairman, said.

"We offered 13.5 per cent on earnings and improved the redundancy terms by 48 per cent. The other factories accepted months ago. We were losing too much money to carry on there and had already shut down pastry production."

Mr Hall said that his take-home pay was £109 a week. He works morning and afternoon shifts alternately on a weekly basis. Overtime brings in another £21 net. He is 35 and has worked for Birds Eye for 12 years. He owns his own home nearby in Fazakerly, Liverpool, and his wife is expecting their second child.

He added: "It'll be the dole for me now. Do you think I would work here for the money I get if I could find another job? There aren't any. It's no use talking about moving south. I could never earn enough to afford to live there, let alone eat. I'm going to have to sell my car and God knows how I'll pay the mortgage."

He is hoping that other Unilever workers on Merseyside and in the north-west will take action to try to stop the Kirkby closure. At the factory, the feeling was that a strike might only jeopardise what severance offers there were anyway.

Mr Hall said: "We are militant here, but not that militant. We just stand up for ourselves. The management talks down to us. We don't let them walk all over us."

The prospect of Humberside expansion at Kirkby's expense elicited this comment: "They are taking our jobs and they want doing in."

Mr Keith Robinson, director of Merseyside Chamber of Commerce, said; "The food industry is very important to the regional economy. This sort of closure will not help it grow. All the indications were that the economy was picking up. We have been knocked back again. It takes years to replace this number of jobs."

Kirkby factory falls prey to intense competition

By Christopher Parkes

UNILEVER HAS spent the last five years shaking out its British frozen foods business. It has invested £100m in plant, boosted research and promotion, and by the end of this year will have shed about 5,000 production jobs in pursuit of maximum efficiency.

It was inevitable that its Birds Eye Wall's Kirkby factory would not escape the changes.

But the Merseyside workforce resisted, and instead of the 380 redundancies asked for, it is to suffer the ultimate penalty: closure, 1,000 job losses, and no chance of a reprieve.

"This is final," Mr Allan Price, the Birds Eye chairman, said yesterday.

But Mr Price is only beginning to confront the new round of challenges facing him.

Last year, just as he took charge of Britain's frozen foods market leader, the industry underwent the most drastic round of corporate restructuring to date.

First, United Biscuits bought Ross Young's from Hanson, catapulting the biscuit maker's frozen food interests, formerly limited to pizzas and desserts, to second place in market rankings.

That was followed by the takeover of Freshbake, one of the most successful smaller players, by Campbell Soup of the US. Campbell, a market leader in its home country, has a rich armoury of technology and products to push through its new British subsidiary.

The competitive atmosphere changed immediately.

Manufacturers' advertising rose 37 per cent in 1988, pushing up the value of the market by 7 per cent to £1.8bn and confirming frozen food as the most dynamic sector in the grocery business.

Birds Eye this week promised a £20m advertising budget for its food ranges, 40 per cent more than last year.

The best example of Birds Eye Wall's marketing mettle comes from the ice cream business.

The company has fended off competition from retailers' own-label products and mercilessly squeezed brand competitors such as Lyons Maid. It claimed a 42 per cent share of this £575m business last year.

But life has been tougher in frozen foods proper.

Birds Eye entered the current decade with more than a 30 per cent market share, and ended last year with a little over 20 per cent, according to Ross Young's.

It has lost ground to retailers' own-label products and the dozens of small companies that have emerged to challenge its former supremacy in frozen vegetables.

Contract freezing services offered by the likes of Frigoscandia and Christian Salvesen have lowered entry barriers to the industry by freeing newcomers from the burden of having to instal their own plant.

The independents are now following in the footsteps of the retailers, offering ready-meals to compete with Birds Eye's ranges.

With United Biscuits wholly committed to developing further its Ross Young's business, and Campbell threatening, trading conditions are certain to become tougher.

In those circumstances, and with Mr Price boasting state-of-the-art technology in the rest of his production operation, Kirkby's only options were to fall into line or fold.

Direct investment abroad dips to 15bn

By Philip Coggan

DIRECT investment by UK companies overseas was £14.94bn in 1988, down from 1987's peak of £18.77bn, according to provisional figures from the Department of Trade and Industry. If oil companies are excluded from the figures, the decline was less marked – from £15.49bn to £14.39bn.

The provisional 1988 statistics, based on a limited sample, show that the net earnings on direct investment contributed £5.6bn to the UK's current account last year, an increase on the £4.5bn earned in 1987. The equivalent figure for 1986 was £2.58bn.

The figures show that British companies continue to invest far more overseas than overseas companies do in the UK. Inward direct investments totalled £7.22bn last year, less than half the outward total.

Analysing the 1987 figures, the DTI says that net outward direct investment reached a peak of 4¼ per cent of gross domestic Product, while inward investment was equal to 2 per cent.

The US received two thirds of all outward direct investment (£12.3bn) in that year but was responsible for less than one seventh of direct inward investment.

Direct investment by British companies in the European Community actually fell between 1986 and 1987 from £2.22bn to £2.19bn. There was more direct investment in 1987 in Commonwealth countries (£2.91bn) than in the EC. British investment in South Africa fell by a net £46m that year.

The largest direct inward investor in the UK in 1987 was the Netherlands, with £1.34bn, and there were sharp increases over 1986 in investment by Australia (from £88m to £916m) and Japan (from £43m to £768m). EC companies invested £2.85bn, a 20 per cent increase.

Takeovers director general defended

By Charles Hodgson

LORD Alexander, chairman of the Takeover Panel, last night rejected a call by Mr Bryan Gould, Labour's trade and industry spokesman, for the dismissal of the panel's director-general, Mr Antony Beevor.

Mr Gould had accused Mr Beevor of "illegitimate lobbying" of peers over the Companies Bill. He said a letter sent by Mr Beevor to peers demonstrated "that the Takeover Panel is far from the independent and non-partisan body it always claims to be."

Mr Beevor's letter concerned a Labour amendment tabled during Lords debate of the bill last week. The amendment, which was defeated, would have required the Securities and Investments Board to set up a takeover panel which would draw up a code without statutory force or that of SIB regulations.

"The political motivation for the opposition's amendment is clear," Mr Beevor wrote. "The opposition dislikes both the takeover process and the City; its instinctive reaction therefore is to 'nationalise' the panel."

Lord Alexander replied to Mr Gould that it was well established for any organisation to make its views known on a suggestion put forward in Parliament with which it disagrees. "I had also thought it legitimate for these views to be sent to members of the parliamentary body which might well agree with them," he said.

He said the suggestion that Mr Beevor be dismissed "implies a lack of understanding of the extent to which he is a most respected and successful director-general."

Signals worker at Clapham 'on seven-day week'

A SIGNALS technician who left a loose wire that triggered the Clapham rail disaster told the public inquiry into the accident yesterday that he had been working seven days a week before the accident to keep up the mortgage payments on his house.

Mr Brian Hemingway, a senior signals technician, said he had been working every weekend during the two months before the crash, which killed 35 people on December 12, and nearly every weekend for the six months before that.

He said he had been an acting supervisor on the weekend of the disaster, but had to work on the signals system himself.

"Somebody should have been doing that job and I should have been supervising it," he said. "In fact, I supervised myself doing the job. I was supervisor and senior technician at the same time."

Motor trade sets up quality control plan

By John Griffiths

A NATIONAL quality control programme aimed at improving garage efficiency and customer service was announced yesterday by the Motor Agents Association, which represents the bulk of the UK's retail motor trade.

The scheme is scheduled to be introduced throughout England and Wales on April 1.

The association hopes it will mark another real step in improving the image of the motor trade. That is still widely regarded as less than bright, although the evidence of some recent surveys suggests that both the trade's image and performance is improving.

One such survey, commissioned by the Lex Service group and carried out by MORI, last month reported a 90 per cent satisfaction rate among customers for completion of work on time and 88 per cent satisfaction with the quality of the motor trade's work.

However, the trade also continues under spasmodic attack from Trading Standards officials and the Consumers' Association, both of which groups have frequently followed a practice of "doctoring" cars with faults, then submitting them for service - a tactic strongly condemned as unfair by the MAA.

The new "MAAQC" (Motor Agents Association Quality Control) scheme will include on-the-spot inspections of participating garages' operations by independent engineers, as well as a programme of "self-analysis" by the garages themselves.

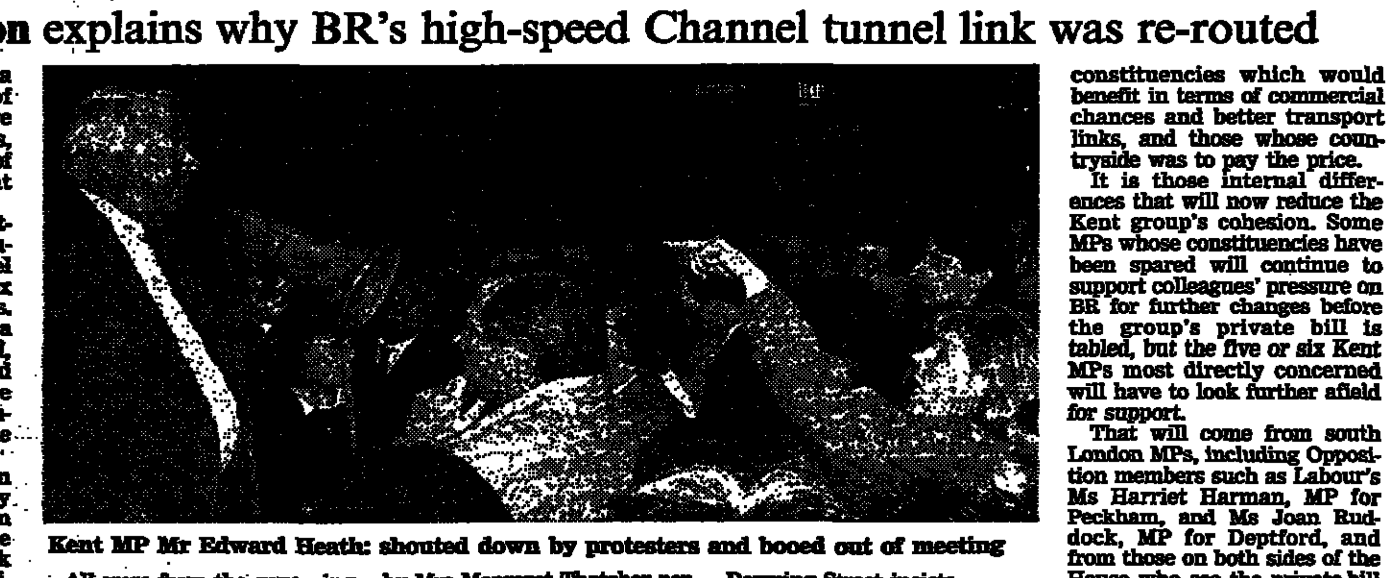
Participants will be required to re-inspect a random 5 per cent of their service/repair jobs and report the results to the MAA, which will analyse them and report back on defects per job, by nature of defect and by individual technician. Results will be compared with those of other participants.

In addition, each participant will be subject to a four-times-a-year, two-hour spot check by independent engineers nominated by the MAA.

The association said yesterday it had already operated the scheme on a pilot basis in the Midlands, and claimed that it had been found to work well.

How the Garden of England fought back

Charles Hodgson explains why BR's high-speed Channel tunnel link was re-routed



Kent MP Mr Edward Heath: shouted down by protesters and booed out of meeting

SOME DESCRIBE it as a shining example of Britain's representative democracy at work. For others, it is merely a classic case of the Thatcher Government looking after its own.

The real reason behind British Rail's substantial re-routeing of its high-speed Channel tunnel link is more complex and between the two extremes. However, it has shown that a combination of well organised, committed public protest and concerted backbench pressure at Westminster can still influence decision-making at the highest levels of government.

It is clear that BR's adoption of a more environment-friendly path through Kent, the Garden of England, owes much to the vociferous campaign of "Sink the Link" groups along the initial choice of routes.

BR and the Government were clearly taken aback by the scale and nature of the protest. The protesters were not natural rebels but, mainly, articulate professionals from the heartland of Tory England.

Mr Jacques Arnold, MP for Gravesham, says BR was lamentably ill prepared to face the detailed scrutiny of its proposals by local residents from the commuter belt, who include civil engineers, bankers and lawyers. These were protesters who could genuinely challenge BR's claim to expertise in the link's planning and engineering requirements.

The role of the Kent Conservative MPs at Westminster was crucial. On many issues, individual backbenchers can be picked off with concessions to constituents. However, the 17-odd Kent MPs saw from the start that sticking together was the only hope of success. Within the group, solidarity was won even from those not directly affected by the line, whose constituents are expected to benefit in terms of commercial development and better commuter links with London.

The Kent MPs began with inbuilt advantages that few backbench groups have enjoyed.

All were from the governing party and a solidly Tory region. They included two ministers, Mr Michael Howard at Environment, representing Folkestone and Hythe, and Sir Patrick Mayhew, the Attorney General, representing Tunbridge Wells, and three former ministers, Sir John Stanley, Mr Keith Speed, and Mr Robert Dunn, representing, respectively, Tonbridge and Malling, Ashford, and Dartford.

As the lobby broadened to include south London MPs, two other government members joined them, Mr Peter Bottomley, junior Transport Minister, the MP for Eltham, and Mr Colin Moynihan, the Sports Minister, MP for Lewisham East. Mr Edward Heath, MP for Old Bexley and Sidcup, a former Prime Minister, added further weight.

They were backed by a clear mandate from constituents and supported by district, local and county councils.

In the main they were fighting, too, not to block the construction of the link but to ensure it resulted in minimum damage to the environment, particularly in villages and areas of outstanding natural beauty that give Kent its deserved soubriquet.

Given the priority now attached to green issues by the Government, not to mention by Mrs Margaret Thatcher personally, it is clear that the odds became increasingly stacked in the protesters' favour.

There are suggestions, too, that BR had much to gain from the more costly route. It wants to retain control of the link, in spite of the Government's desire to see it in private hands. In the longer term, with privatisation in mind, a profitable line in BR's hands would be a significant card in its argument that the railways should be sold off as a whole.

The Kent MPs therefore enjoyed unique access to ministers and substantial weight in dealings with BR. From last October, the MPs held regular monthly meetings with Mr Paul Channon, the Transport Secretary, and Mr Michael Portillo, his junior minister in charge of railways. Government whips were present at those and other meetings.

Through that conduit, Mrs Thatcher and ministers were kept closely in touch with the mood on the ground.

How far the Prime Minister herself played a role is disputed. Those close to the Westminster campaign say reports of her direct intervention are exaggerated but concede that it is hard to see such a hands-on politician expressing no view on BR's final proposal, as Downing Street insists.

Clearly, the campaign's political implications were an important factor in the eventual outcome. Few, if any, Kent MPs were in danger of losing seats – most enjoy the kind of majorities less fortunate colleagues can only dream of – but with local council elections due in May, Tory Party managers must have sensed a potential electoral backlash.

Kent's Conservative Party associations played their part in pressing for change through Central Office. Because the region is among the largest sources of non-commercial funds for Tory coffers, that front, too, must have scored its successes.

None the less it is by no means clear, now that the final route has been decided, that the concerted effort at Westminster will hold together. Unity, even at the campaign's height, came under strain.

Signs appeared of a potentially damaging split between the north and east Kent MPs affected by proposed Routes One and Two, and the south and west Kent MPs threatened by Route Three. Disagreements arose on the extent to which the MPs should go to block the link altogether, if environmental demands were not met. And there was an obvious balance to be struck between those constituencies which would benefit in terms of commercial chances and better transport links, and those whose countryside was to pay the price.

It is those internal differences that will now reduce the Kent group's cohesion. Some MPs whose constituencies have been spared will continue to support colleagues' pressure on BR for further changes before the group's private bill is tabled, but the five or six Kent MPs most directly concerned will have to look further afield for support.

That will come from south London MPs, including Opposition members such as Labour's Ms Harriet Harman, MP for Peckham, and Ms Joan Ruddock, MP for Deptford, and from those on both sides of the House who see the private-bill procedure that BR must follow as inappropriate for a project with such huge environmental implications and broader national interest.

However, the opponents now recognise that the mood of the Commons as a whole is for the link to be built. MPs in other parts of the country are keen to see their regions reap the benefits of improved access to the European market.

Much of the argument now is likely to shift on to who should foot the bill for the extra cost on environmental work, with the Government already under pressure to put up public money.

Most Kent MPs will return to their constituencies this weekend to share the glory of a battle well won. They claim to have participated in a rare example of representative democracy at work – the MP giving clear, effective voice to constituents' direct concerns.

Nevertheless, this was clearly a unique case where all the stars were aligned in their favour, where the Government was nothing if not sympathetic. Some backbenchers will take heart that their voice can be heard under the weight of a Tory majority of more than 100. But when the government whips really crack, the herd will still gather.

Rail route decision not yet final

By Rachel Johnson

CHANGES could still be made to the chosen route for the high-speed rail link from London to the Channel tunnel as a result of an environmental impact study being carried out for British Rail.

BR announced details of a 240-metres-wide preferred corridor between London and the Kent coast on Wednesday. A third of the route will be in tunnels, and a further third in cuttings in order to limit environmental damage to Kent and south London.

However, BR confirmed yesterday that there was still scope for realignment along the 15 miles of new surface route that does not run alongside existing track or the M20 motorway.

"We have virtually got a route, and major variation is unlikely. But it is still possible," BR said.

Any changes would follow the results of a £1m environmental assessment BR has commissioned from Environmental Resources (ERL), an independent consultancy. BR is not legally obliged to act on its recommendations, but it has undertaken to provide an "environmental statement" which will be made public before November, when the corporation hopes to table a Private Bill seeking legislative authority for the project.

ERL said the link would be routed "beyond" the 240 metres corridor if the environmental impact on its surroundings was too disruptive, or if BR's engineers could not work within the preferred corridor.

"The final decision on the exact alignment has not yet been made," said Mr Robin Bidwell, managing director of ERL.

The consultants say the purpose of the assessment is to identify difficulties, consult local people, and design ways of further protecting the environment. That provides scope for changes to the route, and for additional safeguards such as noise barriers.

City expects income tax to be cut by 1p in Budget

By Ralph Atkins, Economics Staff

CITY ECONOMISTS expect a 1p cut in basic rate income tax as part of a modest tax "give-away" in Tuesday's Budget, according to a survey by MMS International, the financial research company.

The survey shows that estimates of the net cost of tax reductions to be announced by Mr Nigel Lawson, the Chancellor, range from £1.5bn to £5bn, with an average of £2.5bn.

Of the 20 securities houses questioned, nearly two thirds expected a cut in basic rate tax. The average forecast points to a 1-percentage-point cut from the present 25 per cent.

Nearly 90 per cent of the securities houses expected a rise in tax thresholds of more than the inflation rate.

The survey also shows that City economists expect Mr Lawson to forecast a current-account deficit of £12bn for 1989. He is expected to pencil-in an annual inflation rate of 5.25 per cent for the last three months of the year compared with the present 7.5 per cent.

The Treasury's forecast for the public-sector debt repayment in 1989-90 is expected to be £13.5bn.

However, the economists themselves are more pessimistic about economic prospects. They expect a current-account deficit of £15bn in 1989, slightly higher than last year, and an inflation rate of 5.75 per cent in the fourth quarter.

Firm abandons attempt to join regulatory body

By Our Financial Staff

OXFORD BUSINESS Planning, a small corporate advisory partnership that has been battling to join The Securities Association (TSA), has abandoned the attempt after a tribunal hearing. This leaves it with no legal authorisation to carry out investment business.

The TSA, the regulatory body for securities firms, said last night that Mr Noel Hodson, Mr Stephen Beahan and Mr Roger Summers, the firm's partners, yesterday withdrew their applications to join the association.

The tribunal hearing, which began on February 20, lasted seven days.

In February, Oxford Business Planning issued a writ in the High Court seeking £750,000 damages from the TSA on the grounds that the association acted in bad faith by causing the Securities and Investments Board (SIB) to prohibit it from doing business.

Oxford Business Planning, which sponsors companies seeking to raise money from investors via the Business Expansion Scheme, first applied for membership on February 25 1988, the TSA said.

That meant it was able to carry on investment-related activities as one of many firms that had interim authorisation under the Financial Services Act while they waited for their applications to be scrutinised by the TSA.

However, on September 28 the SIB issued its prohibition order. Oxford Business Planning then appealed the matter to a TSA authorisation tribunal.

UK NEWS

Struggles in the catwalk's shadow

Alice Rawsthorn looks at the precarious world of London fashion

THIS TIME last year John Flett was sticking *pins in hems and making* last-minute alterations to seams as he prepared to unveil his first catwalk collection at London Fashion Week.

London Fashion Week is back again, but John Flett will not be there. A few weeks ago he walked out of his design company in a whirl of rumours about arguments with his former partner.

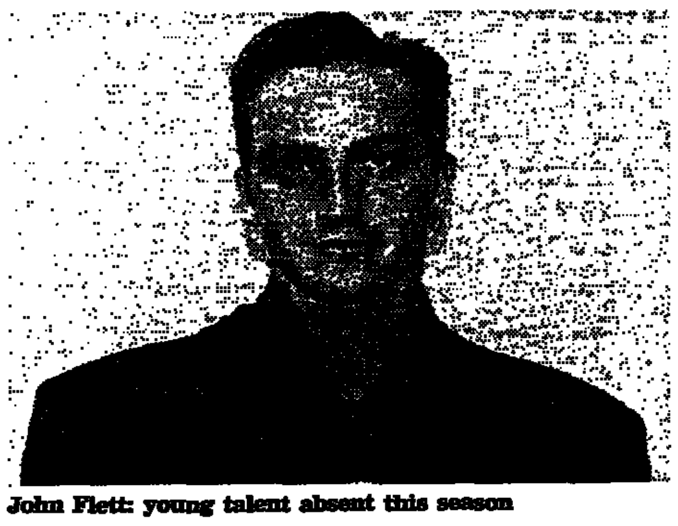
Flett is regarded as one of the most talented young fashion designers in London. He left college four years ago and set up his own business, helped by a loan from his parents. His first two collections were given rave reviews by the fashion press. If he finds a new backer, he hopes to return next season with a new collection.

John Flett's story is all too familiar in the precarious world of London fashion. Behind the glitz and glamour of the catwalk collections lies a cottage industry of small companies all struggling to make ends meet.

In Paris, Milan and New York, fashion is serious business. Leading designers preside over billion-dollar empires with retail and licensing networks that stretch across the world. *Ralph Lauren*, one of the most successful New York designers, claimed sales of $2bn (£1.1bn) in 1988.

The London design industry pales by comparison. Katherine Hamnett, whose design company is probably the largest in London, mustered sales of just £20m last year. The other well known names - Jasper Conran, Betty Jackson and Alistair Blair - operate on an even smaller scale.

The finances of the London designers have always been fragile. But in the past year business has become much more difficult.



John Flett: young talent absent this season

The principal concern is the decline of the US dollar, which has depressed the spending power of their chief customers, the huge US store groups.

The dollar's fall has affected all European designers, but London, which is relegated to third place in the European fashion stakes after Paris and Milan, has been more vulnerable than the other centres.

Although US store groups came to see the last two London *collections, they did not* spend as much as in previous seasons. The most successful designers, such as Katherine Hamnett, experienced static sales; the less successful suffered a drop in sales.

John Wilson, director of the British Clothing Industry Association, says the designers now realise that they have been unduly dependent on the US and are developing new markets in Europe and Japan.

But it takes time to nurture new markets. The dollar is weak again this season and London designers are bracing themselves *for another batch* of cautious ordering.

There is also concern about the domestic market. London designers tapped a lucrative source of custom among the *growing number of young, pro*fessional women in the 1980s, but women's spending power will suffer in this spring's rise in interest rates. They may have less money to indulge in Jasper Conran suits and Betty Jackson frocks.

The immediate problems of a *weak dollar and declining* consumer affluence disguise the longer-term difficulties facing London designers: the shortage of start-up capital, poor production facilities and a weak rapport with the established textile industry. Whereas the Paris and Milan designers can *turn to industry* and the investment community for help in those areas, the London designers have to struggle on their own.

Production is a serious problem. The UK industry is polarised between the big companies, Courtaulds and Coats Viyella - *which cannot accom*modate the small quantities needed by the designers - and the sweatshops, where the quality of production is too poor. In contrast, Milan designers have access to the modern manufacturing facilities of *giant groups such as Gruppo* GFT and Marzotto.

Alistair Blair sees production as the biggest drawback of all. In Milan, he says, there are "wonderful tailors on every street corner, but in London we sweat blood just to get a button sewn on". Some London *designers* have switched production to Italy. Jasper Conran and Betty Jackson have sourced part of their collections in Italy since last year. *Katherine Hamnett* will *do* so from this spring.

The shortage of capital is just as problematic. London designers still have difficulty finding finance, whereas Paris designers are now regarded as a *bona fide* investment by the French financial and industrial *establishment*.

The trials of Aguecheek - a company controlled by Peder Bertelson, a Danish oil trader who began to back young London designers five years ago - has probably confirmed the investment community's worst *suspicions about the fashion* world.

A year ago Aguecheek was involved with a number of designers: John Galliano, Alistair Blair and Katherine Hamnett. It still works with Galliano, but Blair and Hamnett left in a blaze of publicity. Peder Bertelson is now expending his *effort and investment - on art.*

That is the environment in which John Flett is searching for a new backer. He will probably succeed, thanks to the success of his first two collections. But Flett is an exception. London is full of would-be fashion designers and others may *not be so lucky.*

Construction at record

By Andrew Taylor, Construction Correspondent

CONSTRUCTION output in the UK was worth a record £40.5bn last year, 17 per cent more than in 1987, the Environment Department said yesterday.

After allowing for inflation in contractors prices, output measured in real terms was 7 per cent higher than in 1987.

British construction output has risen by more than a sixth in real terms in the past two years and is forecast to rise by a further 3 per cent to 4 per cent this year, based on current order books. Output has risen in every year since 1981.

Mr David Trippier, construction *minister, said that* private-sector industrial and commercial work were both at record levels.

He said the excellent results last year were due to growing demand for construction work from private-sector clients. The continuing healthy state of construction order books should ensure another good year for the industry, he said.

Figures published last week by the Environment Department showed that total orders won by contractors last year rose by 5 per cent to £26.3bn. The biggest increase was for orders for private commercial work, up by 24 per cent.

Repair, maintenance and *improvement accounted for* 44 per cent of all construction work last year. That part of the business has grown steadily since the mid 1970s, even in years when total output fell.

Output figures for the final three months of last year show construction activity still rising. *Total output was* 3 per cent higher than during the previous quarter and 4 per cent higher than during the last three months of 1988.

However, private housing output has suffered from the autumn mortgage rate increases. Figures show it 4 per cent lower than during the previous quarter but unchanged on the final three months of 1988.

However, there are signs that housing starts have picked up in recent months. House building in the north of England, in particular, has remained bouyant while new house sales in other regions have not been as badly affected *by higher interest as feared.*

Private industrial construction during the last three months of last year was 11 per cent higher than in the preceding quarter and 22 per cent higher than in the last three months of 1988.

Private commercial output *on the same basis* was 8 per cent and 13 per cent higher. Public-sector work, other than housing, was 4 per cent higher than in the previous quarter and unchanged on the last three months of 1988.

Public housing, which now accounts for a much lower proportion of construction output, was 8 per cent lower and 21 per cent lower.

J. Rothschild loses tax appeal

By Raymond Hughes, Law Courts Correspondent

J. ROTHSCHILD Holdings, the financial services group, has failed in its second attempt to rid itself of a £1.49m stamp duty claim made against it by the Inland Revenue in respect of a merger transaction.

The Court of Appeal yesterday *dismissed the company's* appeal against the High Court's rejection in December, 1987, of its argument that the transaction was exempt from duty. Rothschild was refused leave to appeal to the House of Lords. *It may seek leave from* the Law Lords.

J. Rothschild Holdings (*formerly Charterhouse J. Rothschild*) was formed to acquire all the issued share capital of the Charterhouse Group and RIT & Northern under an agreed merger.

The dispute with the Revenue concerned Rothschild's return of allotments of its shares for RITN shares. The form included two items: one related to an allotment in respect of *acceptances by RITN* shareholders at December 19 1983, which amounted to less than 75 per cent of RITN; the other to an allotment on January 16 1984, by which time the holders of more than 75 per cent of RITN had accepted.

The 1973 Finance Act gives exemption from stamp duty where a company has acquired not less than 75 per cent of another company.

The Revenue granted Rothschild exemption from duty on the January allotment but claimed £1.49m duty on the earlier one, on the basis that it had been a separate transaction for stamp duty purposes.

Rothschild argued that the December allotment had been *the first part of a "multi-part* chargeable transaction", the whole of which was exempt from duty under the 1973 Finance Act.

Lord Justice Slade said the return form related to two separate chargeable transactions. The mere fact that the same *return included a reference to* an exempt transaction could not save it from being stamped insofar as it related to a non-exempt transaction.

Pension plans win Moore's broad approval

By Our Financial Staff

MEASURES to improve the protection of occupational pension scheme members have been broadly approved by Mr John Moore, the *Social Security* Secretary.

The proposals, in a recent report from the Occupational Pensions Board, included the suggestions that company pensions should be protected against inflation up to 5 per cent a year and a pensions tribunal *should settle disputes.*

Mr Moore indicated his agreement that the costs of any changes should be kept down, but he denied that that meant the additional protection would be of little value.

He suggested that the board's recommendations were strict enough to mean that "if a new employer tried to enforce a bulk transfer of members, then he would find it *extraordinarily difficult* to do so to their disadvantage."

The consultation period on the plans has six weeks left.

Isle of Man deposit base surges to record £4.6bn

By Ian Hamilton Fazey, Northern Correspondent

THE *Isle of Man experienced* a record surge in its deposit base in 1988, gaining 26 per cent to more than £4.6bn.

Mr *Jim* Noakes, banking supervisor for the island's government-controlled Financial Supervision Commission, said the increase was £963m, of which £358m was in the fourth quarter.

The yearly gain was £438m more than the previous biggest recorded rise in 1985. Deposits rose by 8 per cent in the fourth quarter alone, all in sterling.

It was also bigger than the island's entire sterling deposit base at the end of 1981, which then stood at £912m.

Mr Noakes said: "The figures partly reflect liquidity preference by investors. The stock market is still performing sluggishly and people are reluctant to commit funds long-term. Rising interest rates have *helped the in-flow too.*"

The main UK clearing banks operate on the island and pay interest to their depositors gross. Composite-rate tax – where interest is taxed at source, as in the UK – is not applicable. UK citizens are allowed to have bank accounts on the island.

The deposit base goes wider than banks and now covers all licensed deposit takers. Some small, specialised funds that are non-banking deposit takers were not previously included, but those added only £80m to the 1988 total.

The increasing base *also* reflects the growing strength of the island's financial industry, which has developed strongly in recent years as the island has tightened its supervision to exclude dubious operators.

Mr Noakes said: "It is the only benchmark we have at present to gauge how the financial sector is doing. Some of the rise also relates to *growth in the insurance mar*ket and some of the investment businesses which are developing here."

Curb sought on Names' indemnity

By Nick Bunker

LLOYD'S of London, the insurance market, wants to make £50,000 the maximum amount of compensation it will pay to any of its 31,000 members, or Names, if the *member loses money because* of the insolvency of the underwriting agent that manages his or her affairs.

The market's ruling council also wants to set an upper limit of between £30m and £50m on the total pay-outs it will make in any one year *under its proposed compensa*tion scheme.

It is proposing to make a levy on its entire membership to finance compensation payments, if in one year they exceed a third of the upper limit on the total pay-out.

The detailed proposals are contained in a consultation document issued by the Council of Lloyd's, outlining a scheme aimed at giving its Names protection equivalent to that which other types of investors receive from the Securities and Investments Board.

The proposals are designed to meet recommendations from the 1987 Neill Report on self-regulation at Lloyd's.

The proposed scheme would be managed by the staff of the Corporation of Lloyd's, under the supervision of a committee of the council, with the corporation's *solicitor* having the power in some cases to decide on the validity of a claim.

Lloyd's said the scheme would compensate members for claims against their agents arising from fraud, other dishonesty, or failure to account for money received, in *situations where the Name could* not recover the money because of the agent's insolvency.

The plan is that Names would be able to recover 100 per cent of the first £20,000 of any claim, and 75 per cent of the next £40,000. Lloyd's said that after the end of the consultation period it would decide where in the £30m-£50m range to set the limit on total annual payments under the scheme.

Lloyd's said comments should made before August 31 to the Corporation of Lloyd's, Names' Interests Department, 1 Lime Street, London EC3M 7HA.

China lens deal for Pilkington

By Ian Hamilton Fazey, Northern Correspondent

SOLA INTERNATIONAL, part of Pilkington Visioncare, Pilkington's spectacles subsidiary, and China North Industries Corporation (Norinca), have set up a $2.5m (£1.5m) venture in China, called Norinca Sola, to make and sell plastic lenses. The deal entails technology transfer and management advice.

Sola will design and build *China's first production line for finished lenses*, to be sited in an existing Norinca factory at Xian, Shanxi.

EMPLOYMENT

BA reminds crew they can belong to any union

By Jimmy Burns, Labour Staff

BRITISH AIRWAYS has written to more than 9,000 cabin staff reminding them of their entitlement to belong to a union of *their* choice, or to belong to no union.

It has also confirmed that it does not consider itself to be irrevocably bound to its current recognition agreement with the TGWU transport union.

In a letter sent to individual *crew members'* homes this week, BA management states that while it has "no legal obligation to recognise any trade union", it is "willing to consider *the question of recog*nition where we are satisfied that a trade union is sufficiently representative of the interest of employees" and furthers the "commercial interests" of the company.

Details of the letter emerged yesterday as a new break-away union which *is defying the* TUC claimed to have recruited *a majority of the company's* Heathrow-based long-haul cabin staff.

Mr Jim Welsh, the general secretary of Cabin Crew 89, said that by yesterday morning just under 3,100 cabin staff *had returned membership* application forms sent out with a prospectus for the new union last month.

But he indicated that he would not be formally seeking recognition rights within the company until his union had extended its hold to more than *5,000 short-haul and Gatwick*-based long-haul BA cabin staff. The majority of these are represented by the TGWU transport union.

Mr Welsh reiterated his claim yesterday that the TGWU, which has traditionally held recognition rights *within the airline industry*, had ceased to represent the interests of cabin staff and was unable to meet the challenges of de-regulation and 1992.

But he apparently believes that BA would rather de-unionise than risk the potential for disruption and pay "leap frogging" that could follow if it recognised the new union on its long-haul operations while allowing the TGWU to consolidate its hold on the short-haul operations.

Cabin Crew 89 was again strongly challenged yesterday by the TGWU, which claims that the new union is losing more members than it is making.

TGWU shop stewards representing short-haul staff in some regional airports meanwhile are thought to have issued a warning that their members will not fly any planes crewed by colleagues belonging to Cabin Staff 89.

Schools which opt out will receive grant for sackings

By David Thomas, Education Correspondent

SPECIAL grants will be available for schools opting out of local authority control if they retire or dismiss staff in their first year of operation.

Details of the grants were revealed yesterday in a circular on the financing of opted out schools sent to local authorities by the Department of Education and Science.

The Government has so far approved applications from three schools to opt out of local authority control from September, thereby assuming a new status known as grant-maintained. Parents at a further 28 schools have voted to do so.

Grant-maintained schools will receive finance direct from the DES. The Government intends the schools to receive the same current income as they would have got from their local authority. However, the Government will also be able to make additional grants to opted out schools to cover specific purposes, including the restructuring of staff.

"The governing body of a grant-maintained school may wish to make changes in the staffing of a school . . . *to* match better the school's new management structure and priorities," the circular says.

The Government will be prepared to refund in full enhanced pensions of teachers aged *over* 50 retiring prematurely, compensation for voluntary severance up to specified limits and the costs of an unfair dismissal case.

Schools will have to submit details of proposed dismissals or severances if they want the DES to fund them.

"The Secretary of State will consider these proposals and give approval where he is satisfied that they would be in the interests of the efficient operation of the school," the circular says.

The Grant-Maintained Schools Trust, which advises schools on opting out, said the provisions would help schools to retire teachers not suited to the environment of opting out.

"They may be tired old workhorses who want to go out and graze," the trust said.

However, the National Union of Teachers reacted angrily, saying the provisions could be used against teachers who had opposed opting out or as a form of instant appraisal.

Qualifications work 'will finish by 1991'

By David Thomas

THE NATIONAL Council for *Vocational Qualifications*, responsible for introducing order into Britain's system of vocational qualifications, is likely to have completed most of its work by 1991, its chairman said yesterday.

Mr Oscar DeVille was speaking to the council's second annual conference in London.

The Government established the council to work with industry to rationalise Britain's fragmented set of vocational qualifications into a common framework.

Mr DeVille told the conference that more than 80 qualifications had so far been accredited by the council, equivalent to about 15 per cent of its task.

The council has also set up more than 100 industry lead bodies to rationalise qualifications in their particular sectors.

Mr John Cope, Employment Minister, *told delegates* the council's work at national level complemented the decentralised training effort to be made by the new Training and Enterprise Councils.

Looking ahead to the coming year, Mr DeVille said the council would be stepping up the pace of its work.

He said the council would need to mesh its work more closely with that of educationalists.

Schools and colleges were now preparing pupils for the world of work and students could gain access to higher education through vocational qualifications.

Mr DeVille suggested that a unified record of vocational and educational achievement might eventually bridge the gap between training and education.

Mr Kenneth Baker, Education Secretary, has recently floated a similar idea.

Textile pay claim goes to arbitration

By Fiona Thompson, Labour Staff

A PAY claim from 6,000 textile finishing workers is to go to the Advisory, *Conciliation and* Arbitration Service following a breakdown in talks.

The British Textile Employers Association made a final pay offer of 6½ per cent to the 6,000, mainly male, finishers, who are part of the Transport and General Workers Union textile group.

The union's negotiating committee earlier this week rejected the offer. It said it would call a lay delegate conference followed by a ballot of all members with a strong recommendation to reject the offer and take industrial action.

The employers asked the union to refer the issue to conciliation, and the union agreed. The meeting will take place at the Manchester ACAS office on March 20.

The union's claim was for an unspecified substantial increase in earnings, an extra three days of holiday to make up to 25 days, and an overtime rate for the first two hours of time plus half rather than the present time plus a third. The employers refused both the holiday and overtime claims.

● Management and unions at Jaguar met again yesterday in a bid to avert a strike by the 9,000 manual workers at the West Midlands luxury car *maker*.

The talks, at a secret Warwickshire venue, broke up after three hours but neither side would say whether anything was decided.

Last week the company's revised offer, a two-year deal giving £8 a week of new money each year plus consolidation of bonuses, was narrowly rejected by 22 votes.

Minister warns action at Short's may hit prospects

By Our Belfast Correspondent

MR PETER VIGGERS, Northern Ireland Industry Minister, yesterday expressed concern about *industrial* action at Short Brothers, the Belfast aerospace company, and warned that it could adversely affect the company's prospects.

Talks between management and union representatives at Short's have ended without agreement on a 1988 pay deal. Around 3,500 manual workers have imposed an overtime ban and are due to embark on a series of one-day strikes next week.

Mr Viggers said it was up to the work force to demonstrate that the company was efficient and viable and anything which portrayed Short's in a bad light was bad for them.

A Short's spokesman said the company was "extremely disappointed" at the decision to take industrial action at a time when the Government was involved in negotiations about its future ownership.

Employers to take lead on training

By John Gapper

THE PROSPECTUS for the new Training and Enterprise Councils published yesterday sees them as employer-led bodies with broad local support, and a vision of how to ease skill shortages by transforming local training.

A TEC's two main roles will be to deliver government training and enterprise schemes, tailoring them to local needs, and work on separate initiatives to improve training or ease labour market difficulties.

The prospectus develops proposals in the *white* paper on Training and Employment in the 1990s, which argued that a centrally controlled training framework should be replaced by more flexible and responsive local arrangements.

Mr Norman Fowler, Employment Secretary, emphasised *that the managing directors* and senior managers who will make up two thirds of the board of each TEC must be people capable of commanding support in the local community, who are also willing to innovate.

The TECs are expected to be companies limited by guarantee which will have strictly defined management and performance contracts laying out job placements, rates and qualifications obtained.

Those who exceed targets will have greater financial freedom.

Mr Fowler said TECs would not be "a quick fix solution" Employers would be given "real powers to make real decisions" and would have to dem*onstrate their capacity to* deliver the best possible local training.

The prospectus says TECs will have to be catalysts for change within local communities. They will work with schools and colleges to raise skill levels and ease the transition from school to work and promote training as a business strategy.

TECs will have an average budget of £20m and will *tend* to cover a working population of 250,000 people. About 50 staff from the Training Agency will be seconded to each and may be paid extra in the form of incentive bonuses.

● Government training and *business assistance schemes.* Each TEC will deliver locally programmes including the Youth Training Scheme, Employment Training, the new £55m Business Growth Training scheme, the Small Firms Service and the Enterprise Allowance Scheme.

Government schemes will form the foundation of a TEC's work, and it will be expected to enhance the quality, relevance and effectiveness of the programmes to increase the level of public and private training.

For YTS, a TEC will be allowed to tailor existing programmes and may vary the length and occupational mix of training. It may also expand the opportunities for courses *which allow for* both work and study.

● Local Initiative Fund. Each TEC will start with an average £250,000 to be used to advance local objectives. This fund will be topped up by small annual grants and may be added to by bonuses for reaching performance targets.

As well as this, the TEC will be encourage to supplement the fund by raising money from employers and other sources. In the first year, the Government will match money raised up to £125,000. Each sub*sequent* year, money raised will be matched up to a total of £10m for the whole of Britain.

These funds may be used to develop new projects such as meeting skill shortages, encouraging women back into the labour market, improving assistance to start-up companies, or promoting employers' interest in training their own workforces.

TEC budgets will be divided into five blocks: ET, YTS, Business Growth and Enterprise, the Local Initiative Fund and a management budget. Those meeting targets may move up to 5 per cent of a block between the first four and another 5 per cent with the approval of the Training Agency regional director.

The prospectus says it will be important for the TEC to demonstrate that it has a broad coalition of local support. The remaining TEC direc*tors may include* senior *figures* in education, trade unions, voluntary organisations and local authorities.

Every TEC must be an independent legal entity, and each will be able to establish a subsidiary company to carry out activities beyond those funded by the Training Agency. Each director will have equal voting rights and there will be no block votes.

Those failing to meet contractual obligations will be asked to submit a corrective action plan to the Training Agency. The prospectus says that if a TEC continues to under-perform, it will be subject to contract cancellation.

Groups wanting to become TECs in England will *have to* apply to Mr Brian Wolfson, chairman of the National Training Task Force, by April 28. Decisions on those which will be asked to develop a full business plan will be reached by June.

Those selected will be eligible for development *funding of* up to £100,000 to formulate a plan over the next six to 12 months. The plan will include an analysis of the local labour market, detailed targets for the first year, and strategic objectives for three years.

The prospective TEC will be free *to* choose what *sort* of incorporation as a company should take, and individual directors will have the standard duties and liabilities. Charitable status for TECs is being considered.

Training and Enterprise Councils: a prospectus for the 1990s. Guide to the Development of TECs. TEC Project Team, Training Agency, Moorfoot, Sheffield S1 4PQ. Free.

Mr Michael Meacher, shadow employment secretary, said yesterday that TECs would be the rotten boroughs of industry, writes Fiona Thompson.

"The same British companies which have ruthlessly cut back on training for their own staff in the last decade have been handed £3bn of public money and told to take care of the nation's needs."

Mr John Banham, director general of the Confederation of British Industry, said the TECs *had a vital role* in reducing skills shortages, "but they are only part of the answer." A more responsive vocati*onal* education and training system was required to raise foundation skill levels "*and put us on* at least equal terms with our main trading partners," he *said.*

Mr Geoff Lewtas, national officer of the CPSA civil service union whose members will initially staff the TECs, said: "The department is determined to hand over responsibility for the future of training, and the vast amount of public money that goes with it, to employers who, according to the Government's own reports, have an appalling record of providing training even for their own employees."

Sir Jack Layden, chairman of the Association of Metropolitan Authorities, said the Government was pinning its faith "on the private sector which, in recent years, has thrown apprentices and training overboard in a bid to cut costs."

Mr John Edmonds, general secretary of the GMB general workers union said the creation of the TECs was an abdication of responsibility. "There is no evidence that businessmen will stump up the money needed to ensure the training received by our young *people is of the standard* achieved in Europe."

● Figures from the Unemployment Unit show that 220,000 unemployed people rejected an offer of Employment Training *in its first four months* – a refusal rate of 67 per cent.

Our Olympic track event

In 1988, during the Seoul Olympics, GEC trains carried most of the fifty million passengers travelling to and from the Games.

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Saturday March 11 1989

Unlucky Mr Lawson

THE BRITISH love a good drama. In the world of finance it is the Budget that best satisfies this enthusiasm. After months of "purdah" the Chancellor emerges, battered red case in hand, to deliver his gifts, both welcome and unwelcome, to an expectant nation.

It is a peculiar spectacle. With consideration of revenue *carefully isolated from that of* expenditure, no coherent analysis of the balance between taxation, on the one hand, and public expenditure, on the other hand, occurs. Furthermore, as Messrs John Kay and Mervyn King remark of tax reform in their book on the British tax system "several years of inertia lead to a frenzy of ill-conceived change, after which torpor is restored." The mania for secrecy ensures that reform will almost always be given inadequate consideration.

During much of the postwar period even so feeble a drama was judged worthy of meticulous attention. Fiscal policy was for steering the economy; it was the principal instrument for this purpose as well. But neither proposition is true *today. Monetary policy has* become of far greater macroeconomic importance. The Chancellor of the Exchequer *has also* asserted *that* tax reform is complete. It would be wise, therefore, to expect little of this year's Budget drama.

Stagflationary phase

It would also be wise to remember the longer term context within which this Budget occurs. The UK is entering the stagflationary phase at the end of an all too familiar sequence, one that starts with monetary expansion and continues via rising asset prices and soaring consumer demand. Then come rapid growth of output, productivity and profits along with rising investment and imports. Finally, one sees higher inflation of wages and prices, an exchange rate crisis and then stagflation.

How the sequence works out depends crucially on the exchange rate. The earlier it weakens, the sooner the danger will be recognised. The main misfortune in the recent phase of excessive expansion was that the exchange rate was so strong. Paradoxically, belief in the recovery of the British economy has turned out to be unlucky for Mr Lawson.

Fiscal policy has unquestionably played a restraining role, but it has not been enough. It is possible, in fact, that it could not have done much more. With liberalised credit markets, people may choose to "look through" any given year's fiscal changes and determine their spending on the basis of the Government's longer term position. If the tax cut be not now, yet it will come: the readiness is all.

The most interesting part of the Chancellor's speech on macroeconomic policy will concern his monetary tactics. On taxes, it is difficult to believe that the odd billion here or there will make any vast difference. The case against large tax reductions is that monetary policy will then have to be tighter and the exchange rate higher (for any given counter-inflationary effort). This combination looks dangerous when the current account deficit is already so huge and manufacturing industry has only recently recovered from the last such squeeze.

Fiscal looseness

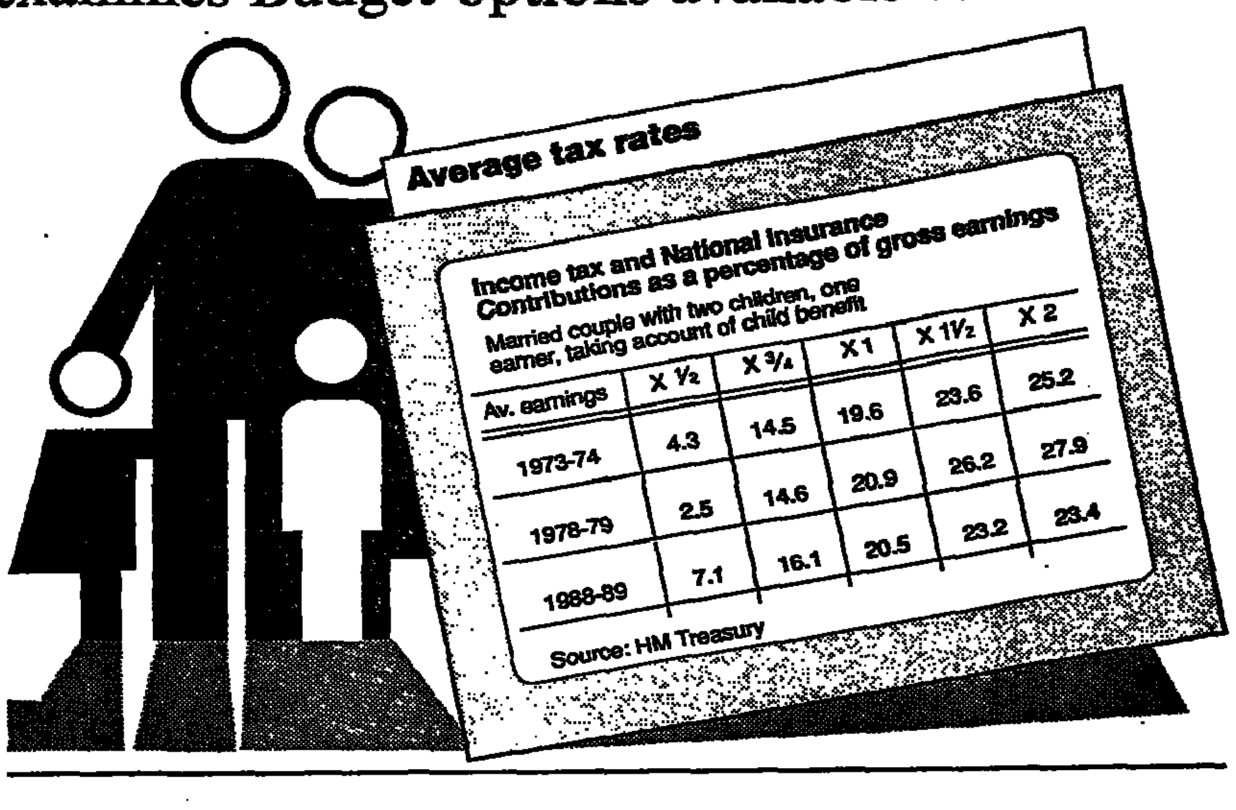
There is an intriguing counter-argument. For any given level of demand the counter-inflationary pressure would be greater with a higher rate of exchange. If the fiscal position were too tight, the Chancellor would, it is argued, be encouraged to cut interest rates and so allow a lower exchange rate *too soon, with damaging consequences* for inflation. In other words, fiscal looseness might actually be counter-inflationary, because *it would* throw still greater weight on monetary policy and the exchange rate.

Given the Chancellor's attachment to the supply-side argument for tax cuts, he must have flirted with the argument. Might he *show* the courage of Mr Patrick Minford's convictions, cut taxes by £10bn and welcome the consequences for monetary policy? It is most unlikely. Political resistance to higher interest rates has become too strong, while the Government can hardly feel any need to take such a risk.

In the end the net tax cuts in the Budget will be modest, probably significantly less than the £4bn-£5bn required for neutrality. Whether even such frugality will allow the Chancellor to guide the economy through its present extended "blip" without either a permanent rise in underlying inflation or a severe recession is quite another question.

The Chancellor has run out of luck. He has an unprecedented surplus on his hands, but political and financial realities will prevent him from using it. No Chancellor can ever have been more tantalised. Worse, however self-denying he may be, he can still not be confident of pulling off the economic performance that he needs. *This* year's *Budget* drama will not merely be a little boring, despite Mr Lawson's best efforts, it will have tragic elements *as* well.

Peter Norman examines Budget options available to the Chancellor



Av. earnings	X ½	X ¾	X 1	X 1½	X 2
1973-74	4.3	14.5	19.6	23.6	25.2
1978-79	2.5	14.6	20.9	26.2	27.9
1988-89	7.1	16.1	20.5	23.2	23.4

Average tax rates. Income tax and National insurance Contributions as a percentage of gross earnings. Married couple with two children, one earner, taking account of child benefit. Source: HM Treasury

Uncertain times for a reformer

Pity Mr Nigel Lawson. He would like nothing more than to go down in history as a tax reforming Chancellor. *It is his* misfortune to have to present next Tuesday's Budget for 1989-90 at a desperately uncertain phase in the economic cycle.

When he stands at the despatch box, drawing the secrets of next year's taxes from William Ewart Gladstone's battered red Budget Box, Mr Lawson will attempt to plot a course towards a "soft landing" for Britain's overheated economy.

After last year's growth, Britain faces an economic hangover. Year on year inflation stands at 7.5 per cent and rising. The current account deficit is running at a record £20bn annual rate. It is unclear when either will turn for the better.

Yet Mr Lawson has to present a package to satisfy three very different and fickle audiences: the financial markets, the House of Commons and the voters.

On the markets, he risks being squeezed between a weak pound and excessively tough policies. The weakness of sterling ahead of the January trade figures on March 1 was an awful warning that his strategy of relying on monetary tightness to compress demand is vulnerable to external factors that could force an unwelcome increase in interest rates with the consequent risks of stagflation.

This week's news of a sharp 2.4 per cent drop in retail sales volumes in January suggests the Treasury cannot overlook the dangers of fiscal and monetary overkill. While Mr Lawson's overriding priority is to bring inflation under control, he is walking a fine line between the desired slowdown and the dangers of recession.

The *authorities'* reaction to sterling's weakness gave a possible clue to the macroeconomic thrust of the Budget. *The Treasury and Bank of* England chose not to raise interest rates from the current 13 per cent level to defend the pound. That suggests *the Chancellor will aim for* a fiscally cautious Budget to keep faith with financial markets.

"Had the Chancellor again been *planning* large tax cuts, running the risk of a major upset in financial markets, he would surely have used the opportunity of sterling's weakness to *raise base rate,"* says Peter Spencer, UK economist at the London stockbrokers Shearson Lehman Hutton.

So far, virtually all the talk in financial markets and among economic pundits has been of a prudent and cautious or dull and boring Budget despite Mr Lawson's huge public sector surplus of, perhaps, £14bn in the current financial year.

But a cautious Budget may not go down too well in the House of Commons where Sir William Clark, chairman of the Conservatives' backbench finance committee, has urged tax cuts of £6bn. Budget day in parliament is, of course, Mr Lawson's day: a chance to show some of the brio that earned him his reputation as an economic miracle worker in happier times.

It is the one day of the year on which he can outshine the Prime Minister without being handbagged. But Mr Lawson may have to display his not inconsiderable Thespian skills. The buck stops with the Chancellor if his performance flops.

The pressures from the markets and parliament may explain why the Chancellor looked as if he had just eaten a kumquat when he emerged briefly from pre-Budget purdah earlier this week to pose for the cameras with the Budget box.

Students of body language will be looking for more clues to the Chancellor's demeanour when he appears in woollies and wellies with the children in the garden of his Leicestershire home. Early on Tuesday, he steps out with wife, Therese, and dogs, Tigger and Rufus, *in the traditional Budget Day role as a friend of urban wildlife,* feeding the ducks in St James's Park.

These photo opportunities are a reminder of how the Chancellor must *play to his third audience:* the voters. The Budget is a major political event, even though it deals only with the taxation side of the public ledger and *does not fix government spending.*

Although a general election is perhaps two years away, Mr Lawson will be conscious of the Government's lacklustre performance in recent by-elections. With many traditional Tory

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supporters suffering from last year's step-by-step increase in bank base rates to 13 per cent from 7.5 per cent, he has to leave the voter feeling happier – or at least not further distressed.

The Chancellor's way of pleasing all these groups may be to look well beyond the next financial year. "We are going to hear an awful *lot* about paying off the national debt," predicts Mr Andrew Dilnot, a programme director at the Institute of Fiscal Studies. Professor *Mervyn* King of the London School of Economics believes Mr Lawson may present a "Budget for the future" in which today's surpluses are presented as *easing* the *burdens of* British *society* as it ages under the impact of demographic change.

It is a symptom of how far the UK economy is perceived as having overheated that financial markets will probably only be satisfied if they see an increased budget surplus or public sector debt repayment in the coming year. This will necessarily limit tax "cuts."

City analysts generally expect Mr Lawson will cut taxes by a net £2bn. This figure is reached after statutory indexing of personal tax allowances and raising excise duties on items such as petrol, alcohol and tobacco in line with last December's 6.8 per cent annual inflation rate. The feeling among research groups such as the IFS or the National Institute of Economic and Social Research is that he could opt for net tax cuts approaching £3bn.

Britain's progressive income tax system poses a dilemma for the Chancellor. Because wages rise faster than inflation, the burden of taxation automatically rises. In normal times such real fiscal drag means the Chancellor must cut tax rates to ensure that revenues do not increase as a percentage of gross domestic product. Mr Lawson has been able to grab headlines as a tax cutting Chancellor and appear more generous than he really was.

This year, he must do the reverse. He must give the impression of a hair shirt Budget to please financial markets and yet not squeeze the economy to such an extent that it teeters into recession later this year.

He must also bear in mind that many Conservative back benchers would favour a "Budget for the working poor" to help the lower paid in contrast to last year's Budget which largely benefited upper income groups. Others would like to see a Budget for savers or investment following the sharp drop in the personal savings ratio to 1.3 per cent in the third quarter of last year.

The Chancellor also has his own preferences. Despite criticism, he regards last year's Budget as a milestone, encouraging the supply side of the economy. He has set the goal of a 20 pence in the pound basic rate for income tax. If, as many commentators expect, this is his last Budget, he would presumably want to point towards further tax cuts in the future.

Taking the £2bn net tax cut as a benchmark, Mr Lawson is generally expected to increase by more than inflation the personal allowances that

The pressures may explain why the Chancellor looked as if he had just eaten a *kumquat* when he emerged briefly from pre-Budget purdah

apply before people start paying the 25 per cent basic income tax rate. Such a move would take some low paid out of the income tax net altogether.

The cost of indexing the personal allowances and the threshold before the 40 per higher income tax rate bites would be £1.46bn, most of which could be met by a £1.27bn increase in revenues if excise duties were "revalorised" upwards in line with inflation.

If Mr Lawson doubled the indexation of personal allowances to 13.6 per cent, it would cost £1.3bn more than statutory indexation. A more likely course could be a 10 per cent increase in personal allowances at a cost of £600m extra.

This could appeal to the Chancellor for several reasons. It would fit in with his belief that the present retail price index exaggerates the underlying *rate of inflation* by about two percentage points by virtue of including mortgage interest rates. Mr Lawson also believes that higher allowances carry *few political* dividends for the Conservative Party. They fail to grab headlines and reward few natural Tory voters. A 10 per cent increase could also leave room for a possible one percentage point cut in the basic income tax rate.

Cutting the basic rate to 24 per cent would be a reminder of his 20 per cent pledge and retrospective confirmation of the economic wisdom of last year's tax cuts. A one penny cut would cost the Government £1.4bn in 1989-90 and £1.73bn the following financial year. Combined with a 10 per cent increase in allowances, it would neatly absorb the £2bn of net tax cuts that the City believes Mr Lawson will make.

But the arithmetic is probably too neat. Mr Lawson delights in springing surprises. If possible, he will want to confound the frequent predictions that he is bound to introduce a boring Budget next Tuesday.

One welcome surprise would be reform of income tax and national insurance contributions at the lower end of the wage scale. This would be an effective way of boosting the income of the working *poor and* eliminate inequities, such as those shown in the chart, where families earning less than the national average now lose more of their income in deductions than in the 1970s. But experts like Mr Dilnot and Professor King believe there is only a slim chance of such reforms because of political difficulties.

Other *desirable* tax changes could be shelved for similar reasons. The life assurance industry, which the Treasury would dearly love to tax more, may escape extra levies this year. Inland Revenue hopes of reform to the tax laws concerning expatriates and foreigners could founder on Department of Trade and Industry opposition.

There will, however, be many narrower tax changes that have been quietly incubating in back offices of the Treasury, the Inland Revenue and the Customs and Excise over the past 12 months. For example:

- Company cars are almost certain to be clobbered again because the Chancellor said last year that undertaxation of this perk was "so great that it cannot be put right in a single year."
- Lead free petrol duty may be held down following Mrs Thatcher's conversion to "Green" politics.
- Personal equity plans, introduced by the Chancellor in his 1986 Budget to encourage investment in equities, may be given a boost. But, despite strong lobbying from the investment industry, changes are generally expected to fall short of copying the successful French *loi Monory* which gives tax relief to income when invested in equities.
- Working pensioners could well benefit from abolition of the earnings rule which forces a cut in the state pension once gross earnings go above £75 per week.

The Budget may also see changes to Business Expansion Scheme rules to prevent investors in so-called close companies benefiting from two sets of tax relief. The Government may halt tax avoidance on investment income in advance of the planned separate taxation of husband and wife next year. Tobacco duties could be over-indexed for reasons of public health.

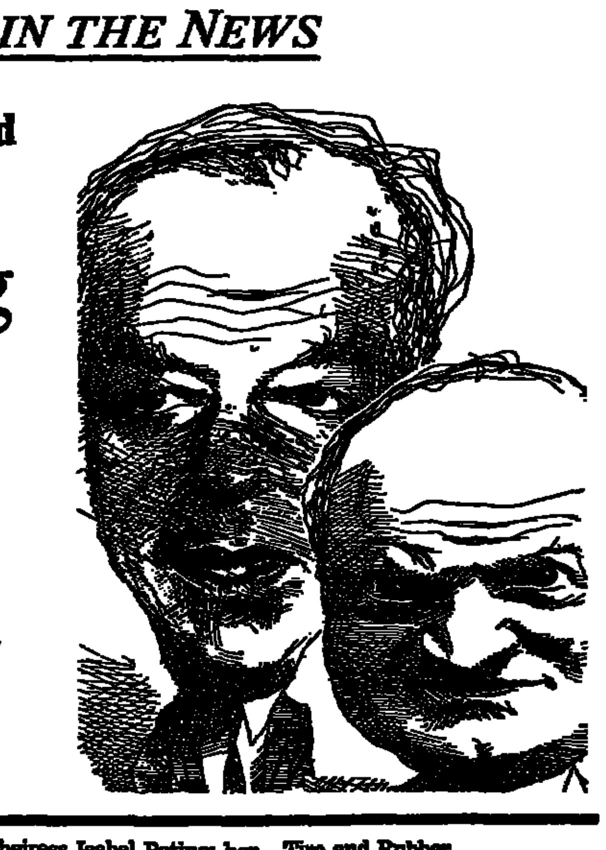
But because of tight pre-Budget secrecy, all forecasts are really no more than guesses. As Andrew Dilnot of the IFS confesses: "This will be my eighth Budget, and I've been wrong seven times so far."

MEN IN THE NEWS

Jacob Rothschild and James Goldsmith

Waltzing back into the limelight

By Nikki Tait



Few individuals can move an entire stockmarket. But Sir James Goldsmith, with a little help from his long-standing friend and business associate Jacob Rothschild, seemed to achieve just that this week.

The frisson which ran through London share prices in response to news that the duo intend to join the UK corporate acquisition game (via a medium-sized leasing company called Anglo Leasing) must have provided Sir James with some gratification. After all, over the past 30 years, the flamboyant billionaire – he has been ranked Britain's fifth richest individual after the Queen, Sir John Moores, Garry Weston and the Duke of Westminster – has not always found Britain, the City and, most *especially, the British* press, particularly welcoming.

Indeed, by the end of the week, Sir James himself seemed rather tickled by the reaction. "I'm just surprised at how nice people have been," he commented, as he shifted base from Mexico to New York. Perhaps it was a honeymoon period that would soon wear off? "Oh, I do hope so," he replied, expressing amused dismay at the thought *that* age might be according him new respect.

Whether friend or foe, no one *has ever doubted* Sir James Goldsmith's appetite for a scrap – or the restless energy and near-fanatical *determination* which he can employ to secure victory. But, then again, there was little foundation in the family history *for a conventional existence.*

According to one biographer, the Goldsmith family can be traced back *to* Nuremburg *and* then later to Frankfurt, where a family banking business was established. Interestingly, there *was a marriage* between the Goldsmiths and a branch of the Rothschild family in the 19th century.

It was *Sir James'* grandfather who moved first to Paris and then to London, eventually acquiring Cavenham Hall in Suffolk, from which Goldsmith's food company derived its name 50 years later. His son Frank – Sir James's father – trained as a barrister, and in 1910 became an MP.

However, in the wake of the war, Frank Goldsmith moved again, this time back to Paris, where he established a hotel business and married. Sir James was born in 1933.

Sir James' education was British – Millfield and Eton – but not, apparently, a source of great delight. According to his biographer, Goldsmith won a three-horse accumulator bet aged 16, pocketed a princely £8,000, and promptly left.

Much of his subsequent, highly colourful, life has been lived in the public arena, encompassing his elopement with and marriage to the Bolivian heiress Isabel Patino; her subsequent death from a brain haemorrhage; Cavenham Foods' quick-fire acquisition programme in the early 1970s; Sir James's step into the breach at Slater Walker after its collapse; the bitter libel battle with the satirical magazine Private Eye; and the rise and fall of his short-lived weekly news magazine Now!.

In the late 1970s and early 1980s, he switched his attention from the UK market to the US, becoming one of Wall Street's most renowned corporate raiders. With some investment input from the likes of Jacob Rothschild, Kerry Packer, Gianni Agnelli and Lord Hanson, his targets included Diamond International, St Regis, Crown Zellerbach (all forest products companies) and then Goodyear Tire and Rubber.

Only more recently, having liquidated a fair number of investments ahead of the 1987 Crash, has Sir James been quiet. In his own words, he "has been taking a semi-sabbatical" – *time which he says* has been divided between building homes in Mexico for himself and his children from his three marriages, and the preservation of some 25,000 surrounding acres of dry tropical forest land. The lavishness of the house, *he suggests,* has been exaggerated in the British press, but he does describe the setting – by the sea – as "enormously beautiful."

Quite what motivation lies behind his latest move with Jacob Rothschild is a moot point – and one which seems to give Sir James pause *for* thought. "I suppose," he sug*gests eventually, "that it's a* combination *of things.* I do head up a company, with people who are free." Two Ameri*cans, Al Dunlap and Russ* Kersh, who have been involved with the Crown Zellerbach reorganisation, will front the Anglo Leasing initiative.

"Second," he continues, "and I'm trying to keep things simple, I suppose I'm too young to retire. It's really *nothing* more cosmic than that."

Indeed, Sir James and Mr Rothschild are both adopting a *rather relaxed stance over the* whole Anglo Leasing initiative.

Although scarcely as restless as Sir James, the restrained, almost laconic *Jacob Rothschild* has made a fair number of shifts in his time. With a First Class degree from Oxford, *he initially joined the family* bank, N.M. Rothschild, and has been credited with turning it into a more entrepreneurial force.

However, after the famous split with his cousin Evelyn de Rothschild, Jacob went solo, taking Rothschild Investment Trust with him. Well before the de-regulation and City mergers of Big Bang, he set about building a financial services group, picking up Charterhouse Group on the way.

In was in 1984 that the sea change came. Marriage plans with Hambro Life fell through, and the financial services empire was disbanded. Since then, most publicity about Jacob Rothschild has attached to his role as chairman of the trustees of the National Gallery. Some City observers have wondered whether he had lost his enthusiasm for the cruder cut and thrust of the Square Mile.

So, in some respects, this week's heady reception represented a double welcome. "As I was saying to Jacob," remarked Sir James amiably, "it's like being two old dancers back on stage." But perhaps no one should be fooled. They can doubtless manage a fast and fearsome tango when they wish.

The red spider yields the web

John Lloyd analyses the significance of the democratic reforms agreed on Thursday between Poland's Communist Government and Lech Walesa's Solidarity trade union

QUESTIONED closely two weeks ago by foreign journalists on the speed and depth of Poland's democratic reforms, *Mr Stanislaw Ciosek*, Politburo member and Polish United Workers (Communist) Party secretary for propaganda, responded half indulgently, half in exasperation: "I am astounded that we (the party) are treated as an enormous red spider weaving an enormous red web in which to trap all opposition flies."

That answer goes to the heart of any judgment about the reforms agreed on Thursday night between the Polish Government and the Solidarity union. Does the party still wish to command the political process? For how long? Does it still possess the ability to do so?

Some details of the reforms are clear. A new "upper" chamber will be created to complement the existing 460-seat Sejm, or parliament. Its members will be elected on the basis of two from each of the country's 49 provinces. Anyone can stand in the elections to it, probably in June, which will be wholly open. The only proviso is that candidates must belong to a recognised group (including Solidarity) or collect 5,000 signatures.

Party members, and members of the Communists' two allied parties, Peasants' and Democratic, are likely to contest these seats along with opposition figures. There is thus likely to be a genuine test of popularity. In the Sejm itself, 60 per cent of the seats will be reserved for the party and its allies, 5 per cent for Catholic spokesmen, with the rest going to the opposition. Once both houses have been constituted, they will elect a President, likely to be a party figure, probably General Jaruzelski, the party leader.

What is still unclear is more important. We do not know what the powers of the upper house will be. Solidarity is pressing for it to have the right of veto over at least economic and human rights issues; the Government is likely to resist this. At present, no political parties are permitted except those allied to the party. If this remains unchanged, it would *confine opposition members* very largely to those backed by Solidarity, given the difficulty for an independent candidate of collecting 5,000 signatures.

Most important, the powers of the President are undefined. The Democratic Party's leader has flown the kite that they will be very wide indeed – including the ability to dissolve both houses, to veto any legislation, and, as head of the armed forces, to declare martial law.

It is not difficult to see in this that, squeezed between a party-dominated first chamber and a powerful President, the new chamber could be reduced to futility. In this case the fears of some within Solidarity's ranks – that the organisation *is endorsing a poor deal and* will have to share the odium for political and economic failures which rightly belongs to the Government – could be realised.

There is more to the deal than this, of course (and the round table talks which are producing these marvels will continue). The Government has agreed to legalise Solidarity, its rural organisation and the independent (and often radical) student organisation, NSZ.

Further, Solidarity is making it clear that the electoral pact will last only for one – four-year – parliamentary term, and that after *that* it will insist on fully democratic elections to both houses, and perhaps to *the presidency too*. The union agreed before the talks that the elections would be "non-confrontational." That means that its candidates will not fundamentally question the constitution, either during the election or after they take their seats – though there must be a very thin line indeed between questioning individual measures and questioning the institutions which produce them.

If this holds up, the Government has won a trick. It has probably preserved, in formal terms, the leading role of the party – though insiders insist that the party is preparing to share, and to lose, power. It will be able to show the world that Solidarity, with all its reservoirs of international acclaim and the adulation accorded in the West to its leader, Lech Walesa, has given the imprimatur to a developing form of democracy. It is likely to use that to bargain for the further credits its shattered economy needs – perhaps even going to the lengths of transforming Mr Walesa himself into a high level supplicant in Western capitals.

It does not follow from this that Solidarity has been gulled. Only last year, it was illegal, some of its activists jailed, routinely anathematised in the press. Now it forces real change. But it also faces the hardest choices of its life.

Can it transform itself from being a movement for social and political change under the rubric of a *trade union* into a union in practice? If it does so, it must struggle for supremacy in enterprises with the official OPZZ unions – many of whose leaders are so deeply distressed by Solidarity's new found power and respectability that they have backed calls for a new Communist Party to replace the one which has treated their loyalty so wretchedly.

Can it also become a political party – and if so what kind? And if it does become one – which, if it backs candidates for the upper and lower chambers, it will, in practice – can it avoid being embraced by the still residually powerful government and party *apparat* to the point where it loses touch with the working class which gave it birth?

Can it back the free market programme now proposed by Mr Miczyslaw Rakowski, the Prime Minister, while preserving its precious system of workers' self management *and* protecting its members against the consequences of what will restructuring? (It must be radical if the Government's strategy is to work.) Already, the left-right split within Solidarity's ranks is deepening, and is manifest in strikes and demonstrations.

These questions wait on events. But their urgency should not obscure what is momentous about Thursday's agreement. Under pressure from a debt-ridden and sclerotic economy, from open alienation from the party and the version of socialism it has administered, from a civil society whose vitality lies in increasingly radical opposition, the ruling class in the Communist bloc's second largest state has agreed substantially to dilute its power – to the point where it may no longer be able to retain its dominance in the longer run.

That does not solve Poland's problems; indeed, it creates a raft of new ones. But they are the problems of a country whose society is now awakening to self-expression and to a version of political choice. There is probably no *spider* big enough or red enough, no web strong enough, to trap all opposition *flies* now.

Peter Riddell calculates how much the Tower affair will damage the prestige of the US Administration

Stumbles in the first 100 days

Several times this week Mr George Bush must have wished he could start his presidency all over again. He is now exactly half way through his first 100 days in office. Traditionally, this is when a new Administration sets its agenda and takes the initiative, as President Reagan did in 1981.

However, on Tuesday, President Bush had to call a White House news conference to deny that his Administration was adrift or the victim of malaise. And on Thursday came the Senate vote against Mr John Tower as Defence Secretary – the first time a new president's Cabinet nominee has ever been rejected.

The result is not all loss for the President or gain for the Democrats who control Congress.

The Tower affair will soon become a subject more for academics than politicians. A replacement Defence Secretary will be in place within a few weeks. Moreover, there has been public sympathy for Mr Tower. Bruising though the battle has been, the wounds will heal.

None the less there will be scars. Senator Bob Dole, the Republican Minority leader, who led the fight for Mr Tower, said the fight would "go into the memory bank."

The Republicans want to exact revenge; they see a target in Mr Jim Wright, the (unpopular) Democratic Speaker of the House of Representatives. A report by the House ethics committee on his finances is due shortly which may, at the least, question his judgment. For many Republicans, forcing out or crippling Mr Wright would even the score after the Tower affair.

There are also questions about the role of the Senate itself. While under the US constitution the Senate has a duty to "advise and consent" on senior Administration posts, the President has traditionally had the right to appoint his own Cabinet. Democrats argue that the Senate did its duty in a difficult case. For the Republicans, Senator Dole has described the chamber as "a pipeline for gossip and smear" and has argued that the Democrats want to usurp the President's prerogatives.

Within the Senate, the obvious winner has been Senator Sam Nunn, who swung the votes of fellow Democrats not only on the Armed Services Committee, of which he is chairman, but also in the full Senate.

Yet, while the affair may have strengthened Mr Nunn's standing within the Democratic Party, there has been a weakening of his previous position as the bipartisan statesman of US defence.

In the longer term the main gainer may have been Senator George Mitchell, who enhanced his reputation in his first big test as Senate Majority leader. He stressed that he had no intention of harming the President, or of straining relations between the Congress and the White House. Mr Mitchell has offered an olive branch to the President, arguing that in exchange for genuine Administration consultation, Congress has to be ready to forgo what he called "micro-management" of foreign policy (that is, detailed interference).

Indeed, on the very afternoon that Mr Tower was rejected, leaders of the Congressional Budget committees began talks with Mr Richard Darman, the Budget director, about how to reduce the Federal deficit. Both sides are still some way apart on details of spending cuts and on whether tax increases will be necessary. So an agreement may still be some weeks, if not months, away.

However, both the Democratic leaders in Congress and the White House want to prevent the Tower affair from undermining the chances of an eventual deal. As Administration officials and the Federal Reserve have been warning, the financial markets may not be tolerant of too much delay.

For the President himself it is obviously a bitter blow to lose his first big battle. President Bush and his advisers can be faulted for a lack of judgment in picking someone whose personal failings were common gossip in Washington, and whose close links to defence contractors were bound to cause controversy. The White House also underestimated the influence of Senator Nunn.

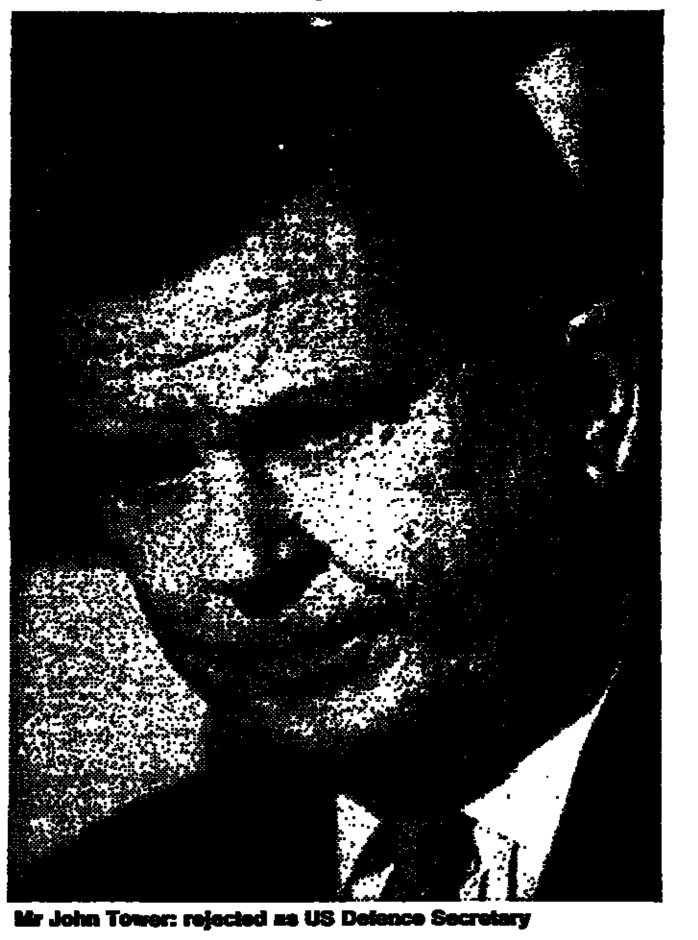
However, President Bush has salvaged something from the mess. By loyally standing by his nominee, he has showed determination. So President Bush can be said to have lost honourably – but lose he did.

There is an immediate price to pay at the Pentagon, where the uncertainty has delayed reviews of strategic priorities and of internal management. More generally, the Tower affair has been a distraction of time and energy at the top of the Administration.

There is, for example, the logjam in filling important middle-ranking posts. Admittedly, in his list of achievements on Tuesday, President Bush could point to the savings and loan rescue proposals, his budget deficit reduction plan, his decision to help protect the ozone layer and to the forthcoming initiative on Third World debt, outlined in general yesterday. But most of these are not yet agreed. Otherwise, it was mainly a list of speeches and good intentions.

The danger for President Bush is that, in the absence of a clear agenda, Congress will take the lead. For instance, after the Administration proposed small increases in the minimum wage and a lower training wage for new recruits, Congressional committees this week agreed bigger rises.

President Bush can certainly recover from the Tower affair. He remains personally popular and is not associated with the allegations against Mr Tower. He has also demonstrated that he can show decisiveness – as in the Eastern Airlines dispute, where he has not intervened directly but warned of legislation if there is secondary boycotting. But Mr Bush badly needs a victory now, preferably over the budget, to answer his critics and to regain political momentum.



Mr John Tower: rejected as US Defence Secretary

LETTERS

Priorities for an adequate rail link

From Mr John Caff.

Sir, The European high speed rail map which you showed on the leader page on March 8 is indicative of relative priorities. The network of high speed rail lines on the Continent with only a small projection pointing to London says much.

No up-grading seems to be allowed for to one of the more rapidly growing areas of the country in terms of both business growth and population, namely south and west of Bristol (or for that matter, to East Anglia).

For business, be it manufacturing or services such as tourism, such rail links are crucial. Looking to the year 2000 both Devon and Cornwall require a fast, certain and predictable rail link through to the Channel Tunnel and beyond.

This will complement the important development of sea routes which will come when the centre of gravity in the Common Market gradually alters through the next two decades.

I would urge planners, be they in Brussels, London or even Swindon and Bristol, to re-think the priorities of the rail system and ensure that the faster growing areas of the UK are properly and adequately served. For obvious reasons the planning needs to begin now.

John Caff,
Devon & Cornwall Development Co Ltd,
New County Hall,
Truro, Cornwall.

Proper pensions for everyone

From Mr Patrick Carroll.

Sir, Your articles on women at work (February 20-25) and the letter by Jo Richardson (March 3) draw attention to the participation by women with children in the labour market and its unsolved problems.

Since the 1986 modification to the State Earnings Related Pension Scheme, there is indeed a pension penalty for many women who resume paid employment after time off for child rearing. When their earnings are little more than the Lower Earnings Limit (Lel), their eventual pension can be more depressed by this return to work than if they continued to claim Home Responsibilities Protection (HRP) for up to 16 or 18 years as is possible if they choose to continue as housewives. An extension to HRP could be considered related to the number of children involved – as part of a package of measures to ease the difficulties of those resuming paid employment.

Women with children are now involved in part-time employment in very large numbers. Perhaps 5m part-timers, of whom between 80 per cent and 90 per cent are women, represent an important trend in this country and in the European Community. And in the UK they are ill-provided with pensions. For many earning less than the Lel there is indeed no pension entitlement at all. There is very great need for research into how pensions are provided for part-timers. But few now understand that it is an important subject.

Patrick Carroll,
Pension and Population Research Institute,
35 Canonbury Road, N1

Stakes for small shareholders

From Mr L.T. Smith.

Sir, In the continuing debate on shareholders' pre-emption rights, Lex is not getting the support it deserves from those very people it is trying to protect. The small shareholder should speak up.

One desperately important fact is not being made clear. When the salaried representatives of the shareholders (the directors) arrange a rights issue to shareholders, it does not really matter what price they choose. They would be stupid to fix a price higher than the market price at the time, but otherwise any price will do. The "rights" price is *always the right price*. Even a scrip issue is only a rights issue where no cash passes. The owner's treasure is not affected.

It is a very different matter when shares are disposed of by the directors, using a vendor placing or asset swap ploy. Then the issue price must be exactly right to avoid stealing from the existing owners by dilution – and calculating this price is no easy task.

Who is to decide what is a fair price? It is a sad fact that in many cases it is the highest price the directors can negotiate in a tussle with market professionals. The rights of the existing owners get scant attention.

In a letter to the FT (February 23), it was stated that shareholders could not afford to take up rights they were offered. This is outmoded nonsense. Any chairman's postbag will say the opposite.

In the world after Big Bang, the small shareholder positively welcomes the opportu*nity to increase his stake in his* chosen companies free from the outrageous charges that the *stockbroking* profession (with one or two honourable exceptions) see fit to charge for what is now in many cases the pressing of a computer key.

L.T. Smith,
28 Markham House,
Kingswood Drive,
West Dulwich, SE21

Well-rounded education

From Mr D.H. Roberts.

Sir, The message in E. Palfrey's letter (March 9) was misdirected.

The fact that his son's school has difficulty in coping with an A-level choice of English and mathematics is hardly a basis for criticising the universities which are strong supporters of the currently "filed" Higginson report which advocated greater breadth at A-level to encourage the combination of literacy and numeracy.

Action is needed by the Department of Education and Science to implement this much-needed and long-overdue change.

Incidentally, this "top university" welcomes such students and I am arranging for Mr Palfrey to receive our current undergraduate recruitment literature.

D.H. Roberts,
Provost-Elect,
University College London,
Gower Street, WC1

The chicken and the egg

From Sir Thomas Bazley.

Sir, Mr Coles's letter (March 7) in support of batteries needs a reply. The question is not whether free-range birds pick up more salmonellae; they are healthy enough to produce protective antibodies, if properly fed. They need only greenstuff, grain, and insects they find.

The health of battery birds is undermined: no exercise, constant stress, unsuitable food – hence the salmonella epidemic. Apart from infections, heart diseases and cancers are also widespread – but not in real free-range birds.

Thomas Bazley,
Eastleach Downs Farms,
Eastleach Turville,
Cirencester, Glos.

From Mr B.A. Steward.

Sir, Mr John Coles (Letters, March 7) rightly points out that the free-range system is such that eggs cannot be kept away from contamination. What is overlooked is that this is not "free-range" at all.

Those of us who kept poultry many years ago kept hens in huts, but on open grass fields – an infinitely better system than battery farming. It produced healthy hens and eggs.

There are still farms where hens are kept in this way, and I take care to buy my eggs from them. Never from the farms Mr Coles has in mind.

B.A. Steward,
Marden House,
Old Felixstowe, Suffolk.

No longer calling the shots

From Mr Adrian Faiers.

Sir, John Hunt's report on the call for a global fund to help developing countries phase out chemicals which destroy the ozone layer (March 7) could represent a change in the balance of world power.

Since empire days, the wealthiest nations have controlled the world economy. Whenever we feel the pinch, we pay less for our commodities from the Third World. (For every £1 of voluntary aid we gave in Band Aid year, we took back £23 by paying less for commodities and £9 in debt repayments). There has been little the poorest countries could do about it.

But now the situation is changing. The poorest countries have discovered something which worries us: the environment. They have delivered their ultimatum: you got your fridges and your aerosols cheap. They were subsidised by our poverty and by the environment. If you want us to use more expensive environment-friendly chemicals and help you reverse your destruction of the environment, it is your turn to pay.

Adrian Faiers,
5 Lefroy Road, W12

Alpine farmers' common market concerns

From Mr James Sandilands.

Sir, I was interested in David Richardson's article "Alpine farming on the slippery slope" (March 7). I too have just completed research on this and related subjects in the the Arlberg area.

Farmers in the region are particularly concerned at the possibility of Austria joining the European Community. They fear that if Austria joins, the subsidies they currently enjoy will be outlawed. This would mean they would all have no choice but to give up farming as it is a barely profitable activity at the moment.

Why have families continued to farm when the returns are so marginal and the life so arduous? It is because the transformation in the wealth of the communities in the Arlberg has been so very rapid, within one generation, and the elder members of families can remember the hard times. They warn the next generation that the lucrative skiing boom could end as quickly as it has grown. But as time goes on these warnings will lose their effectiveness and already one hears stories of grandchildren rebelling against the tradition of hard work instilled by the exiguous life villagers led until comparatively recently.

Whether farming continues or not is important for more than the beneficial side effects of avalanche prevention. Despite the influx of all the thousand of tourists, each village still functions as a tightly knit community, something which farming contributes to in a most important manner. This has meant that the considerable wealth that has been generated has not, by and large, gone to individuals or the community as a whole.

James Sandilands,
58 Doneraile Street, SW6

UK COMPANY NEWS

Rapid rise in imports and strong £ blamed for setback

Coats Viyella falls 36% to £135m

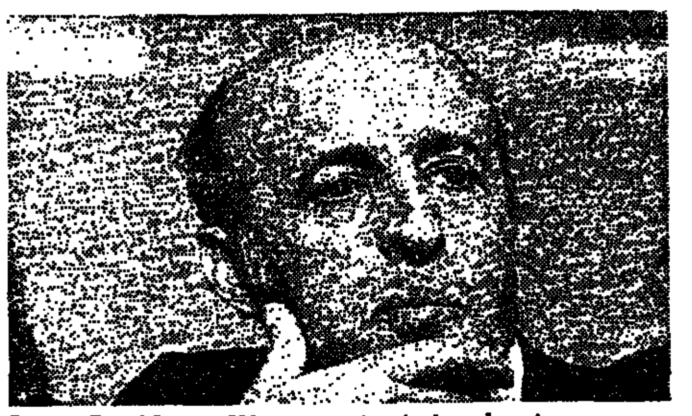
By Alice Rawsthorn

COATS VIYELLA, the biggest textile group in Europe, suffered a 36 per cent fall in pre-tax profits from £212.8m to £135.2m in 1988 due to intensely competitive conditions in the UK textile and clothing industries.

Sir David Alliance, chief executive, said trading conditions had been "very tough" last year because of a rapid rise in imports of textiles into the UK fuelled by the strength of sterling against the US dollar and related South East Asian currencies.

If exchange rates had not changed from the previous year, translated profits from overseas operations would have been £9m higher.

Coats warned the City in December that it would report a fall in profits for the full financial year. Its share price, which has performed poorly since it announced a fall in interim profits in early autumn, rose by 7½p to 163p yesterday.



Sir David Alliance: restructuring almost over

Full year turnover rose to £1.85bn (£1.79bn) but at the operating level, profits fell to £143.6m (£213.5m). Given that its problems were concentrated in the UK, the tax rate rose from 23 to 32 per cent and Coats paid £43m (£48.2m) in taxation.

Earnings per share fell to 16.1p (29p). The board proposes to pay a final dividend of 6p (same) making a total of 9p (8.7p).

Coats, like the rest of the UK industry, was trapped between the parallel problems of increasing imports, sluggish exports and erratic demand from its retail customers last year. It experienced weak demand in some areas – like knitwear and hand knitting – and sustained intense pressure on profitability across almost all areas.

In the spring the group began a radical rationalisation programme. The cutbacks were concentrated in the UK where it reduced its workforce by 2,500 people. During the year it shed 4,000 – or 5 per cent – of its employees worldwide.

Yesterday, Coats announced the sale of the Country Casuals retail chain for £13m to Tuneclass, an investment consortium led by Mr John Shannon.

The cost of restructuring was expressed as an extraordinary item of £35.2m. Coats also lost £15.6m from its pre-tax profits after charging costs relating to discontinued operations.

See Lex

Hambros unloads Taylor Woodrow holding

By Nikki Tait

HAMBROS BANK last night confirmed that it has disposed of its 4.9 per cent holding in Taylor Woodrow, the construction and property group.

It said that the shares had been placed with a group of institutional investors last week. It declined to say what price the shares had been sold at, but said that the bank had made a "modest" profit, after costs, on the stake.

Hambros ended up with its holding after an attempt to place out a near-10 per cent stake in Taylor Woodrow, which had been built up by P&O, the shipping and property group, failed two months ago.

The shares were acquired from P&O by Hambros and Hoare Govett, the stockbroking firm, at 600p - for a total cost of about £95m. However, the subsequent attempt to place the holding at 605p brought an immediate tumble in the price, and the two parties were left holding the stock.

It was then divided equally between the two purchasers, giving each a holding of 4.9 per cent. Within about a week, Hoare Govett, which is now part of the US-based Security Pacific group, had sold on its holding at 570p to a single unidentified purchaser. It therefore took a loss of around £2.1m.

Hambros, meanwhile, appeared publicly more relaxed about its stake, saying that it did not intend to bale out of the shares at those sort of prices. Yesterday, it said that although it had never planned to be a long-term holder, it had expected to hold for rather longer than was actually the case. However, given the improvement in the price and the availability of buyers, it decided to sell.

Yesterday, the Taylor Woodrow share price was steady at 619p.

Mid Kent's plc plans thwarted by the raising of French stakes

By Andrew Hill

INCREASED INVESTMENT in Mid Kent Water Company by two French water suppliers has upset plans for radical restructuring of the statutory company, which would have given Mid Kent an eight-month headstart over its 28 statutory rivals and the 10 water authorities.

Mid Kent had hoped to announce the establishment of a public limited company, and an issue of new shares favouring local consumers and employees, at a press conference yesterday in Leeds Castle, Kent.

Other statutory companies will be given the option to convert to public limited company status when the water authorities are floated in November.

But on Thursday, Compagnie Générale des Eaux, France's largest water supplier, and SAUR Water Services, a subsidiary of Bouygues, the French construction and service group, increased their stakes in Mid Kent to 29.9 per cent and 16.6 per cent respectively, when Morgan Grenfell sold its holding.

The approval of both French groups is crucial to the success of the scheme, and the launch has been postponed while they consider the proposals.

Mid Kent's adviser, Brown Shipley, hopes the restructuring will go ahead next week, but the plan is likely to test the French water suppliers' stated intention to allow a large degree of autonomy to British water companies in which they have invested.

Statutory company stockholders were to be asked to convert their stock into shares in the new quoted public company, releasing Mid Kent from dividend controls and allowing it to diversify into other local services.

So far most of the UK statutory water companies have gone along with the plans of the three large French investors in the sector, and 12 have recommended bids from the French companies. But other UK water companies seem to be biding their time while the rival French investors offer tokens of friendliness.

Générale des Eaux and SAUR now hold large opposing stakes in three statutory water companies – Mid Kent, Rickmansworth and Colne Valley – while Générale des Eaux and a third French supplier, Lyonnaise des Eaux, hold large blocks of Bristol Waterworks' voting stock.

A full bid for any of those statutory water companies would be further complicated by Government merger policy in the water industry. Offers for water companies with assets of over £30m have to be referred automatically to the Monopolies and Mergers Commission.

Wm Bedford shares hit by profit fall

With second-half profits halved to £141,000, William Bedford, a USM-quoted antique dealer and restorer, suffered a 64 per cent downturn in pre-tax profits for 1988, from £817,000 to £293,000. The shares responded with a 15p fall to 80p.

Earnings fell to 4.2p (11p) per 5p share and the final dividend is cut from 3p to 1p. There was no interim, so this compares with a total of 4.65p for the previous year.

Mr John Bedford, chairman, said that the overall result was very much as predicted at the interim stage. He added that the lower turnover figure, 24 per cent down from £3.56m to £2.72m, was entirely due to a fall in export sales, whereas home sales had shown a small increase.

The value of the company's stock had increased 12 per cent over the year, and Mr Bedford expected this trend to continue.

He said that the sale of the lease of the company's showrooms in Camden Passage, London, was completed in December at a small premium over the book value.

He believed that trading conditions would continue to be difficult for the foreseeable future and that it was unwise to predict any significant improvement in the results for the current year.

Strong advance from Sotheby's

By Clare Pearson

SOTHEBY'S HOLDINGS, the international auction house floated on the New York and London stock markets last May, saw its net income more than double to $31m (£18m), up from $15m, in the fourth quarter to December 31.

Net income for the year rose by 60 per cent to $62m ($39m), scored on operating revenue of $349m ($279m).

Mr Michael Ainslie, president and chief executive of Sotheby's said yesterday that net income worldwide has more than tripled since 1986, reflecting the growth shown in recent years.

The very strong autumn season art sales looked particularly impressive given that the 1987 season included the sale of Van Gogh's "Irises" to the Australian businessman Mr Alan Bond at a price of $53.9m, the highest ever paid for a painting at auction.

Mainly thanks to North American salerooms, auction sales for the quarter rose 45 per cent to $848m and operating profit increased 34 per cent to $55m. For the year, sales were $1.8bn, up 28 per cent, and operating profit 14 per cent higher at $106m.

Impressionist paintings continued to underpin the market during the final quarter, although in London the season was also notable for the September sale of Elton John's art and memorabilia collection.

In London, this spring season is to be marked by the sale next month of 25 Impressionist works from the collection of the British Rail Pension Fund. In New York, the sale of eight Impressionist works including those by Gauguin, Renoir, Cezanne has been scheduled for June.

Finance operations were also a bright spot, with operating profit more than trebling to $2.5m, and revenue almost doubling to $14m, during the year. Sotheby's is engaged in the the provision of art-related financing to auction sellers, purchasers and collectors.

Real estate operations continued to post an operating loss. This came out at $0.8m for the quarter and $2.1m for the year. Operating revenue stood at $39m, 23 per cent higher, for the year and $9m for the quarter.

Earnings per common share for the year were $2.20 ($1.54) and for the quarter $1.11 ($0.59).

Perry Group up 53% to £8.4m

By John Thornhill

PERRY GROUP, the motor dealer, lifted pre-tax profits by 53 per cent to £8.35m in the year to December 31, although this advance was achieved on a lower restated profit for the previous 12 months.

Pre-tax profits for 1987 were revised downwards from £6.03m to £5.45m, because one of its dealerships miscalculated the sales figure.

Mr Martin Lane, formerly of Lex Service, who joined Perry last September as finance director, unearthed the mistake and immediately corrected it.

The company announced that in 1986 and 1987 turnover had been overstated by £340,000 and £582,000 respectively and profit after taxation by £221,000 and £378,000. Earnings per share were overstated by 1.2p in 1986 and 2p in 1987.

In 1988, turnover rose from £232m to £304m. Earnings per share increased to 28.6p (18.1p) and a final dividend of 6.25p was proposed making a total of 9p (7.3p).

The estate agency division, which had underperformed for several years, was sold in June 1988 at a profit of £1.2m.

New car sales rose by 15 per cent, from 21,990 to 25,377, accounting for £3.5m (£2.3m) of operating profit. Used car sales grew from 6,278 to 11,884, an 89 per cent increase, representing operating profits of £2.7m (£1.9m). Parts, service and bodyshop activities yielded operating profits of £7.9m (£5.6m). And hire purchase commissions were up from £1.7m to £3.4m.

During the year, Perry acquired two Peugeot, one Vauxhall, one Toyota, and one Austin Rover dealership, bringing its total number of franchises to 26.

Mr Richard Allan, chairman and chief executive, said that trading conditions during the current year would be tougher because of reduced consumer demand.

But he expected that several dealerships, which had not performed to their fullpotential in 1988, would perform better during the current year.

Perry is also seeking acquisitions and sees some opportunities on the Continent,

● COMMENT

These results represent a good trading performance. The rehashing of previous year's figures perhaps only reflects the stricter financial discipline under which the company is now working. Particularly encouraging were the profit contributions from used cars and car services. In the current year, Perry, like all traders in the motor sector, will be vulnerable to the turbulence in the economy, presumed or otherwise, and the rate of profits growth will slow. Profits may be about 15 per cent up at £9.6m, giving a lower prospective p/e ratio of about 7. The much-mooted acquisitions may push these figures higher but perhaps the company's cautionary statements should be echoed. Although Perry is as well-placed as any dealer to defy the expected market trend, that does not mean it will.

Ricardo profit forecast sparks new row

By Nikki Tait

THE BID battle over Ricardo, the Sussex-based designer of engines and transmissions, intensified yesterday as the company forecast a sharp profit improvement for 1988/9 and as Schroder Wagg, its merchant bank, stepped into the market to buy Ricardo shares on its own account.

Ricardo said that it expected to make pre-tax profits of not less than £2.4m in the current year, more than double last time. Earnings per share are also expected to more than double, to 11.6p. The final dividend, meanwhile, will be 3.65p (2.25p), making a total of 5p, up 54 per cent.

But the forecast was speedily attacked by First Technology, which said that it was still below the level achieved three years ago. "Why should Ricardo's profits not collapse again in the years ahead," queried the bidder, "if they have not identified a commercially viable strategy in the changing market?"

However, in a hard-hitting defence document, Ricardo went on to attack the bidder's own prospects, asking why, in a cash or shares bid, it had not produced a profit forecast of its own. "The directors believe that First Technology faces an uncertain future as it introduces solid state technology and is exposed to the consequent competition from much bigger players," it claimed.

It also hit out at the bidder's "lack of meaningful contract design experience", and raised questions about the departure of the founder of Humanetics, a US business acquired by First Technology last year.

That brought a sharp retort from Dr Fred Westlake, First Technology's chief executive, who said that the document was "full of nonsense" about his company. On the Humanetics point, he said he was taking legal advice.

Ricardo reiterated its claim that the terms of the offer – an exit multiple of 12.5 times on the cash alternative price, using forecast earnings – were "inadequate".

With the bid due to reach its final close next Wednesday – it cannot be extended unless a counter-bidder emerges – Schroder Wagg yesterday picked up 140,000 Ricardo shares in the market, almost 1 per cent. At the last closing date, First Technology claimed control of 33.4 per cent.

Piper Alpha disaster forces Pict into red

By Max Wilkinson,
Resources Editor

Pict Petroleum, the Edinburgh-based oil and gas exploration company, yesterday announced plans for a £9.2m rights issue for the acquisition and development of new fields. It also reported a loss at the interim stage.

The company was hit hard by the shutting down of the Claymore field in the Northern sector of the North Sea after the disaster at the Piper Alpha platform nearby. Pict's half per cent share in Claymore accounted for almost half its turnover at the time of the accident.

Sales in the six months to the end of December fell to £60,000, against £786,000. The pre-tax loss was £264,000, compared with a profit of £85,000.

The rights issue will involve 10,523,588 new ordinary shares, offered at 90p, on a two-for-five basis.

Amerada Hess, the US oil company which holds 48.5 per cent of Pict has agreed to take up its full entitlement to the rights issue. The remainder has been fully underwritten by Noble Grossart.

Recent successes in the exploration and appraisal of the Waverley and West Firsby oil fields (Pict holds 20 per cent of the latter) has increased the market capitalisation of Pict from less than £3m before the rights issue in February 1987 to to about £29m now.

Part of the proceeds of the rights issue will be used to buy a group of exploration and production assets from Amerada, if shareholders agree. The company is also interested in buying other assets in the North Sea.

It hopes the rights issue will bridge the gap until it receives a positive cash flow from its existing assets, notably its share in the Rob Roy and Ivanhoe fields.

Noble Raredon in £4m cash call to expand

By David Waller

NOBLE RAREDON, tour operator, textile distributor and maker of photographic equipment, which hatched from the shell company Gnome Photographic last year, is having a 2-for-7 rights issue to raise £4.16m net.

The company, controlled by Mrs Bilge Nevzat, sister of Mr Asil Nadir of Polly Peck, proposes to use £2m of the money to buy a 51 per cent stake in the Sunset Holiday Village, a tourist development in Kusadasi on the Turkish Aegean.

A further £1.6m will be used to fund the development of a site in Northern Cyprus where the company intends to build a self-contained holiday village; the balance will be spent on the expansion of the company's existing businesses.

The shares are being offered at 100p per share, compared to yesterday's opening price of 140p. The shares dropped 5p to close at 135p. Mrs Nevzat and her family interests intend to take up their rights in respect of their 65 per cent stake.

News of the issue came as the company reported pre-tax profits for the half year to end-November down from £248,000 to £119,000. According to Mrs Nevzat, the fall was due to the start-up costs associated with the move into the textile and travel businesses last year.

The result was achieved on turnover of £1.5m, up from £1.2m. Mrs Nevzat said that the textiles division had won some significant export orders.

The travel division, under Mr Trevor Davies who joined the company from Thomas Cook last summer, trades under the name "Mosaic" and has put out three brochures for 1989. It has also opened an office in Bremen, West Germany. Negotiations are under way to acquire an option to buy an airline owned by Mrs Nevzat's brother.

The original business, Elite Optics, saw a 24.45 per cent improvement in turnover during the half year.

Wagon poised to move into Spanish market

By John Ridding

Wagon Industrial Holdings, the diversified conglomerate, is poised to move into the Spanish market through the acquisition of an 80 per cent stake in La Ferretera Vizcaina, a manufacturer of material holding products and cold forged products.

LFV is listed on the Bilbao stock exchange and the agreement is believed to be the first time a listed Spanish company has been acquired by a British counterpart.

Under the deal, Wagon will pay up to £7.5m for the holding. The purchase will be financed by the issue of 2.13m new Wagon ordinary shares of 25p each at a price of 345p.

The issue, which represents 7.2 per cent of Wagon's enlarged ordinary issued capital, was underwritten by Hill Samuel and was placed in the market yesterday. Wagon's share price fell 2p to 368p.

Wagon, through its Link 51 subsidiary, has had a 30-year relationship with LFV – dating from when the two companies started to co-produce material handling products.

According to Mr John Hudson, Wagon's chief executive, the principle motive for the acquisition was to provide an outlet for Link's new Eurostor product range which the company has spent around £4m developing. More broadly, he claimed that Wagon was seeking to develop its network in what was regarded as an increasingly dynamic market.

In the year to December 31 1988 LFV returned profits of £960,000 on sales of £14.6m. Restated on the basis of Wagon's accounting and reporting policies, pre-tax profits would have been £1.46m and net tangible assets would have been £4.7m.

DIVIDENDS ANNOUNCED

Alliance Trust ....fin	22.25	Apr 21	19.5	31	27.5
Bedford (Wm) § ....fin	1	May 12	3	1	4.65
Coats Viyella ....fin	6	July 1	6	9	8.7
European Leisure .....int	0.5†	-	nil	-	0.1
Fairway (Ldn)§ ....fin	1.5	May 4	1.5	2.5	1.5
GC Flooring § ....int	0.9	May 2	0.8	—	2
Kleinwort Small ......*fin*	2.5	—	2.12*	3.675	3.23*
Perry Group ....fin	6.25	July 3	5.3	9	7.3
Sale Tilney ....fin	6†	Apr 28	6	10.5	10

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ♦Third market.

LONDON RECENT ISSUES

EQUITIES

Issue Price	Amount Paid up	Latest Renunc. date	1988/89 High	1988/89 Low	Stock	Closing Price	+ or -	Net Div.	Times Cov'd	Gross Yield	P.E. Ratio
§155	F.P.	-	171	156	Assoc. British Crafts 20p	166		§5.25	2.7	4.2	10.3
295	F.P.	25/1	361	243	Compass Group 5p	359		R7.2	2.7	2.7	18.5
§100	F.P.	-	120	108	Europa Minerals 2p	120		b1.0	-	1.1	-
‡	F.P.	-	85	70	*Hoskins Brewery 50p	85		-	-	-	-
§47	F.P.	-	49	44	*Malaya Group 10p	46		b2.0	3.7	5.8	6.3
‡	F.P.	14/4	269	230	NFC Var. Vtg. 5p	262		a7.0	1.8	3.7	18.4
§52	F.P.	-	74	52	§Quilligotti 5p	74	+5	R2.0	2.4	3.6	13.1
§125	F.P.	-	155	143	Ross Catherall 10p	155	+2	R4.45	2.9	3.8	11.9
§185	F.P.	-	208	195	Wood (Graham)	208	+2	R7.7	2.6	4.9	7.7

FIXED INTEREST STOCKS

Issue Price £	Amount Paid up	Latest Renunc. Date	1988/89 High	1988/89 Low	Stock	Closing Price £	+ or -
100p	Nil	-	14cpm	10ppm	Aitken Hume 7pc(Net) Cv. Cm. Pf.	10ppm	
§98.5	F.P.	3/4	98¾	97½	Allied-Lyons 9¼pc Deb 2019	97½	
100p	F.P.	-	116p	103p	§Apollo Metals 8p(Net) Cm Rd Pf 10p	116p	+1
100p	F.P.	-	111p	106p	Bardon Grp 5p(Net) Cv Cm Rd Pf 10p	108p	
100p	F.P.	-	122p	97p	Beaufort Grp 7p(Net) Cm Cv Rd Pf 10p	122p	+3
100p	*F.P.*	*9/1*	*140p*	*100p*	*§Cityvision 8.5pc Cv Cm. Rd. Pf.*	*139p*	-1
100	F.P.	-	109½	108⅝	First Scott. American 11½pc Db 2016	109¼	
101p	F.P.	-	103¼p	101½p	Eng. & Int'l. Tst. 8½pc Cm. Pf.	103¼p	+½
100	F.P.	29/3	94	91¼	Gt. Portland Ests. New 9½pc Deb 2016	93¼	
100p	F.P.	-	99¼	98⅛	Greenall Whitley 10pc Deb 2014	98⅛	
100p	F.P.	-	104p	87p	Iceland Frozen Foods Cv Cm Rd Pf 20p	103p	
§100p	F.P.	24/1	108¼p	93p	Jessups 7.3p(Net) Cv Cm Rd Pf 50p	100p	
100p	F.P.	-	86p	54p	Kelt Energy 6pc(Net) Cv Cm Rd Pf £1	83p	-2
100p	F.P.	-	106p	86p	Leisure Invs 7pc Cm Cv Rd Pf 1988 £1	106p	+1
§100p	F.P.	-	110p	104p	Lowe (R.H.) New 8¾pc (Net) Cv Pf 10p	105p	
-	F.P.	-	100¼	99¼	N'wide Anglia 12½pc 29.1.90	99¼	
-	F.P.	-	100	99⅜	Do. 12⅞pc 26 2.90	99⅝	
§79.1	£25	-	26¼	25	Do. 4.25pc Index-Linked 2024	26¼	
§100p	F.P.	-	102p	88p	Rockware Grp 7¾pc Cv Cm Rd 2nd Pf	102p	+1
100p	F.P.	-	114p	105p	Stillaw Grp. 8.5p (Net) Cv Cm Rd Pf	114p	
‡	Nil	-	60½pm	54½pm	Smurfit (J.) 9¾pc Cv. Uns. Ln. Nts.	56pm	
92.52	£30	-	30	30	Taylor Woodrow 9½pc 1st Mtg Db 2014	30	
†100p	F.P.	-	100p	80p	‡Tharpac 8p Cv Rd Ptg Pf '01-05 50p	100p	
97.10	£30	-	30	29⅝	Tops Ests. 10¼pc 1st Mtg Db 2011/16	29⅝	

RIGHTS OFFERS

Issue Price p	Amount Paid up	Latest Renunc. Date	1988/89 High	1988/89 Low	Stock	Closing Price p	+ or -
20	F.P.	31/3	24	22	Charterhall	23	
135	F.P.	31/3	168	150	Clarke Hooper	168	
42	Nil	7/4	8pm	5pm	Epicure Hldgs	8pm	+½
55	Nil	-	77pm	63pm	Glamar Group 10p	77pm	+2
45	Nil	21/4	26pm	12pm	Greenwich Resources	12pm	
375	Nil	-	91pm	88pm	LASMO	89pm	
12	Nil	13/3	10pm	6pm	*Lynx Group	7pm	
250	Nil	-	185pm	168pm	*ML Laboratories 1p	183pm	-2
10	F.P.	7/4	15	11½	Memcom Intl.	11½	
45	Nil	-	21pm	15pm	§Spice 5p	16pm	
220	Nil	-	46pm	39pm	Stanley Leisure Org.	43pm	
370	Nil	-	60pm	58pm	Watmoughs	60pm	

a Annualised dividend. b Figures based on prospectus estimates. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. g Assumed dividend and yield. s Dividend and yield exclude special payment. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. L Estimated annualised dividend, cover and p/e based on latest annual earnings. M Dividend and yield based on Prospectus or other official estimates for 1988 N Dividend and yield based on prospectus or other official estimates for 1989/90. Q Gross. R Forecast annualised dividend, cover and p/e ratio based on prospectus or other official estimates. W Pro Forma figures. ¶ Issued by tender ‡ Offered to holders of ordinary shares as a "rights". † Introduction. §Placing price. ‡‡ Reintroduction. ♦ Issued in connection with reorganisation merger or takeover ‡ Allotment price. # Unlisted securities market. ♦ Official London listing. □ Including warrants entitlement. * Third Market.

TRADITIONAL OPTIONS

● First Dealings	Mar 6	Calls in Dixons, TV AM, Southend Prop, ICH, BSG, Cons Tern, Blacks Leis, Brit Steel, Racal, AMI, RegentCrest, BSG, AB Eng, Wims J, Scott & Newc, Control Secs, Wimpey, Hartwells, Eurtunnel Wrnts. Puts' Goodman Bros.
● Last Dealings	Mar 31	
● Last Declarations	Jun 15	
● For settlement	Jun 26	

For rate indications see end of London Share Service

THF up 18% in quarter

TRUSTHOUSE FORTE, the hotels and catering group, announced an 18 per cent rise in pre-tax profits to £26m in the quarter to January 31 1989.

This was achieved on turnover up 19 per cent to £513m and despite an interest charge up from £9m to £16m. The group made pre-tax profits of £22m on turnover of £432m last time.

Group trading profit in the quarter rose 37 per cent to £41m (£30m), the majority of which was generated by the group's hotel operations, which contributed some £27m. Contract catering produced profits of £5m, while public catering businesses contributed £9m.

After an estimated tax charge unchanged at £6m, earnings per share improved to 2.36p (1.9p).

The company is changing its year-end from October 31 to January 31, and accordingly the board intends to pay a special dividend of 1p per share along with the interim dividend payable in October.

Rocco Forte: Plans to open two new properties a week

Mr Rocco Forte, chief executive, said the group had plans to open an average of two new properties each week in 1989.

THF shares fell 1½p to 290½p yesterday.

Ex-Blue Arrow chief gets £285,000 payoff

By Clay Harris

BLUE ARROW paid £285,000 in compensation for loss of office to Mr Christopher Castleman, who resigned in January 1988 after only three months as chief executive of the employment agency.

According to the company's accounts for the year to October 31 1988, published yesterday, the highest paid director, Mr Mitchell Fromstein, the head of Manpower who was sacked in December last year before returning as group chief executive in January 1989, received £910,000.

Mr Tony Berry, the chairman who was stripped of his executive duties in that boardroom coup, was paid £438,000 in 1987-88. Any payments to him for loss of office will not show up until the accounts for the current year are published.

The next highest paid director received no more than £210,000, although if that figure referred to Mr Castleman, it would not include the loss-of-office compensation.

Apricot stake prompts acceleration of takeover talks

DDT recommends £7.2m all-share bid from Vistec

By Clay Harris

DDT GROUP, the computer maintenance contractor, yesterday recommended a £7.2m all-share takeover offer from Vistec, the USM-quoted computer services and supplies group.

The success of the bid largely depends, however, on the attitude of Apricot Computers, the personal computer manufacturer which last week raised its stake in DDT to 29.75 per cent. Apricot said only that it looked forward to reading the offer document.

Mr James Crook, DDT chairman, admitted that one purpose of the bid was to flush out Apricot's intentions. The stake was having a destructive and destabilising effect on DDT, he said.

Although talks with Vistec had been under way for several weeks, Mr Crook said they had been accelerated by Apricot's purchase last week of a 10 per cent stake from Mr Ian Whitford, who subsequently resigned as a DDT director.

Mr Crook and Mr Bob Morton, Vistec chairman, said the bid was intended primarily to create a third party maintenance business with the size and geographical spread to make Vistec a leading player in this market. DDT would account for about 25 per cent of the combined group's sales and profits.

They also signalled that the combined group hoped to sell Data Design Techniques, the small manufacturing business which contributes 5 per cent of DDT's sales. They hoped that Mr Whitford, who remains as director of that division although he has relinquished all other executive duties, might stage a buy-out. He was not available for comment yesterday.

Vistec is the latest stock market vehicle of Mr Morton, who steered Burgess Group into a merger with RHP, another electrical engineering company, in 1988. The combined Pilgrim House Group was subsequently taken over by Williams Holdings.

In the meantime, Mr Morton had bought into F&H Group, a troubled designer and manufacturer of industrial control systems. Last October, F&H bought Vistec for £8m in shares only days after managers of the communications and viewdata services company completed a buy-out from Granada Group.

F&H simultaneously bought National Computing Services, a distributor of computer accessories, for £4m in shares. The combined group changed its name to Vistec and sold or closed the remainder of F&H's original businesses.

Vistec shares closed 1p lower at 25p yesterday to value the 40-for-nine offer at just over 111p, against DDT's market price of 115p, up 5p, and the 85p for which Mr Whitford sold his shares to Apricot last week. The shares to be issued would represent 23.1 per cent of Vistec's enlarged capital.

Mr Crook and Mr Neil Spence, DDT's only other director in the wake of Mr Whitford's departure, have given irrevocable undertakings to accept the offer on behalf of 12.4 per cent of the company's shares.

MARKET STATISTICS

ECONOMIC DIARY

TODAY: First national congress of Hungarian Democratic Forum, largest of new independent political organisations, Belgrade.
TOMORROW: Leipzig Trade Fair opens (until March 18). Scottish Labour Party conference, Inverness. First round of French municipal elections. Madagascar general elections.

MONDAY: February provisional figures for retail sales, and for producer price index numbers. Manchester air disaster report published. Health and Safety Executive publishes booklet on "Human factors in industrial safety". European Parliament session opens, Strasbourg (until March 17). Foreign ministers of Islamic Conference Organisation meet in Riyadh. President Mubarak of Egypt starts official visit to West Germany. ECO/FIN council meets, Brussels. Statement by EC President Delors and publication of background report on the European Monetary System (ten years old today). EC Culture Ministers start two-day informal meeting, Toledo.

TUESDAY: BUDGET DAY – Mr Nigel Lawson, Chancellor of the Exchequer, presents his budget at 3.30 pm. Fourth quarter international banking statistics from the Bank of England. Mr David Mellor, Health Minister, speaks on NHS review at National Association of Health Authorities conference, Kensington Town Hall. EC research council meets, Brussels. EC Transport Ministers meet, Brussels.
WEDNESDAY: Business Woman of the Year award, Institute of Directors. Suzy Lamplugh Trust launches report on "The risks in going to work," London School of Economics. National Radiological Protection Board statement on radiation exposure in the UK. Communist Party central committee starts two-day meeting on parliamentary election, Moscow. Prime Minister Choonhavan of Thailand visits China for talks expected to focus on Kampuchea. The Times forum on legal reform, National Theatre, London.

THURSDAY: Provisional figures of vehicle production for February. January index of output of the production industries. Public sector borrowing requirement for February. Fourth quarter revised figures of capital expenditure by the manufacturing and service industries. Labour market statistics: unemployment and vacancies (February – provisional); average earnings indices (January – provisional); employment, hours, productivity and unit wage costs; industrial disputes. TUC conference on the media in a democracy, Congress House, London. Sir Trevor Holdsworth, CBI president, lectures on "British industry today" at House of Commons. Mr Antonio Cardoso e Cunha, EC Commissioner for energy and small businesses, addresses the World Energy Conference Seminar on "After 1992 quo vadis" at the Shell Centre Theatre, London. Jaguar 1988 preliminary results.

FRIDAY: January figures of engineering sales and orders at current and constant prices. Fourth quarter provisional figures of gross domestic product. Conservative Party central council meets, Scarborough. Mr Paul Channon, Transport Minister, starts Channel Tunnel boring machine at Folkestone. EC Education Ministers start two-day informal meeting, Segovia. Institute of Directors conference on "Corporate identity, the image and the reality," London.

EUROPEAN OPTIONS EXCHANGE

Series		Vol	Last	Vol	Last	Vol	Last	Stock
		May 89		Aug. 89		Nov. 89		
GOLD C	$ 390	32	17	–	–	–	–	$ 393.40
GOLD C	$ 400	207	10.10	32	20	7	31	$ 393.40
GOLD C	$ 420	3	3.80	271	12.50	1	19	$ 393.40
GOLD C	$ 440	–	–	62	6	–	–	$ 393.40
GOLD C	$ 480	–	–	30	1.90	–	–	$ 393.40
GOLD P	$ 390	110	5.70	11	7	–	–	$ 393.40
GOLD P	$ 400	120	10	136	11.20	20	12.50	$ 393.40
GOLD P	$ 420	100	24 B	–	–	–	–	$ 393.40
		Mch. 89		Jun. 89		Sep. 89		
SILVER C	$ 700	–	–	–	–	39	21	$ 602
		Mch. 89		Apr. 89		May. 89		
EOE Index C	Fl. 255	–	–	43	15.50	40	14 A	Fl. 269.96
EOE Index C	Fl. 260	82	10.20	25	11.50 A	146	10.50 A	Fl. 269.96
EOE Index C	Fl. 265	81	5.50	91	7.80	49	7	Fl. 269.96
EOE Index C	Fl. 270	753	2.40	385	5.20	151	5.50	Fl. 269.96
EOE Index C	Fl. 275	1637	0.70	113	3.40	79	4 A	Fl. 269.96
EOE Index C	Fl. 280	24	0.20	165	1.80	16	2.70	Fl. 269.96
EOE Index P	Fl. 260	1010	0.20	52	2.40	678	4.80 B	Fl. 269.96
EOE Index P	Fl. 265	757	0.90	267	4.10	34	7 B	Fl. 269.96
EOE Index P	Fl. 270	837	2.60	195	6.40	221	10	Fl. 269.96
EOE Index P	Fl. 275	254	5.80	69	9.20	–	–	Fl. 269.96
EOE Index P	Fl. 280	115	9.50 B	52	12.50	–	–	Fl. 269.96
£/Fl C	Fl. 360	1	1.80 A	20	2.40	–	–	Fl. 361.12
$/Fl C	Fl. 205	99	5	12	5.30	–	–	Fl. 210.50
$/Fl C	Fl. 210	307	1	229	2.40 A	–	–	Fl. 210.50
$/Fl P	Fl. 205	1	0.10 A	22	1.20	119	2	Fl. 210.50
$/Fl P	Fl. 210	54	1.20 A	53	3.20	1	4.50 A	Fl. 210.50
		Apr. 89		Jul. 89		Oct. 89		
ABN C	Fl. 45	353	0.40	202	1	88	1.40	Fl. 42.50
AEGON C	Fl. 100	106	0.30	52	1.30	2	2.50	Fl. 93.50
AKZO C	Fl. 150	249	3.20	17	5.10	4	8.50 A	Fl. 148.70
AKZO P	Fl. 140	–	–	43	4	–	–	Fl. 148.70
AMEV C	Fl. 55	851	2	588	2	97	2.50	Fl. 52.30
AMEV P	Fl. 55	431	3.20	129	5	2	6	Fl. 52.30
AMRO C	Fl. 80	282	2.50	31	4 A	22	4.30	Fl. 82.50
AMRO P	Fl. 80	22	2	5	3.50	2	4.80	Fl. 81.50
BUHRMANN-T C	Fl. 65	89	1.10	12	1.80	–	–	Fl. 63.70
N.V. DSM C	Fl. 125	158	1.40	32	3.20	6	5.30	Fl. 122
N.V. DSM P	Fl. 120	9	1.40	29	2.30	–	–	Fl. 122
ELSEVIER C	Fl. 70	85	0.50	–	–	–	–	Fl. 63.90
GIST-BROC. C	Fl. 35	216	3.70	–	–	–	–	Fl. 37.80
HEINEKEN C	Fl. 160	298	1.20	15	3	–	–	Fl. 149
HEINEKEN P	Fl. 150	55	3.50 B	3	6.50 B	–	–	Fl. 149
HOOGOVENS C	Fl. 80	673	6.20	48	7.50	–	–	Fl. 83.60
HOOGOVENS P	Fl. 85	264	3.50	88	6.50	8	7 B	Fl. 83.60
KLM C	Fl. 45	275	1.20	33	2.50	8	3.20	Fl. 44.20
KLM P	Fl. 45	51	1.60	52	2.40	–	–	Fl. 44.20
KNP C	Fl. 40	382	10.50	–	–	–	–	Fl. 50.30
KNP P	Fl. 50	57	2.60	128	3.30	160	3.80	Fl. 50.30
NEDLLOYD C	Fl. 310	33	6.50	–	–	1	22	Fl. 303
NEDLLOYD P	Fl. 300	146	8.30	2	18	–	–	Fl. 303
NAT.NED. C	Fl. 60	12	2.80	99	3.90	63	4.30	Fl. 61.30
NAT.NED. P	Fl. 60	40	0.80	45	2.10	80	3.30	Fl. 61.30
PHILIPS C	Fl. 40	945	0.40	653	1.10	121	2	Fl. 37
PHILIPS P	Fl. 35	156	0.70	14	1.40	19	1.90	Fl. 37
ROYAL DUTCH C	Fl. 130	1855	2.10	1378	3.10	62	4.50	Fl. 128.20
ROYAL DUTCH P	Fl. 130	150	3.30	9	6.90	6	9.20	Fl. 128.20
UNILEVER C	Fl. 130	254	3.60	54	5.60	37	7.50	Fl. 130.50
UNILEVER P	Fl. 130	79	2.60	48	5.50	5	6.50	Fl. 130.50
VAN OMMEREN C	Fl. 40	20	1	33	1.70	1	2.70	Fl. 39
VAN OMMEREN P	Fl. 40	12	2	23	3.30	–	–	Fl. 39

TOTAL VOLUME IN CONTRACTS : 37,114

A=Ask B=Bid C=Call P=Put

BANK RETURN

BANKING DEPARTMENT	Wednesday March 8, 1989		Increase or decrease for week
LIABILITIES	£		£
Capital	14,553,000		
Public Deposits	93,598,450	-	27,644,704
Bankers Deposits	1,287,803,266	+	76,034,193
Reserve and other Accounts	1,800,038,147	-	124,884,862
	3,195,792,863	-	76,495,373
ASSETS			
Government Securities	849,816,842	+	121,350,000
Advance and other Accounts	627,080,458	-	14,986,400
Premises Equipment & other Secs	1,715,085,750	-	178,746,948
Notes	3,560,189	-	4,112,752
Coin	250,624	+	12,727
	3,195,792,863	-	76,495,373
ISSUE DEPARTMENT			
LIABILITIES			
Notes in circulation	14,206,439,811	+	14,112,752
Notes in Banking Department	3,560,189	-	4,112,752
	14,210,000,000	+	10,000,000
ASSETS			
Government Debt	11,015,100		
Other Government Securities	9,727,791,969	+	256,793,768
Other Securities	4,471,192,931	-	246,793,768
	14,210,000,000	+	10,000,000

BASE LENDING RATES

	%		%		%
ABN Bank	13	Clydesdale Bank	13	NatWestminster	13
Adam & Company	13	Comm. Bk. N. East	13	Northern Bank Ltd	13
AAB - Allied Arab Bk	13	Co-operative Bank	*13	Norwich Gen. Trust	13
Allied Irish Bank	13	Coutts & Co	13	PRIVATbanken Limited	13
● Henry Ansbacher	13	Cyprus Popular Bk	13	Provincial Bank PLC	14
ANZ Banking Group	13	Dunbar Bank PLC	13	R. Raphael & Sons	13
Associates Cap Corp	12	Duncan Lawrie	13	Roxburghe G'rantee	13½
Authority Bank	13	Equatorial Bank plc	13	Royal Bk of Scotland	13
● B & C Merchant Bank	13	Exeter Trust Ltd	13½	Royal Trust Bank	13
Bank of Baroda	13	Financial & Gen. Bank	13	● Smith & Williamson Secs.	13
Banco Bilbao Vizcaya	13	First National Bank Plc.	14	Standard Chartered	13
Bank Hapoalim	13	● Robert Fleming & Co.	13	TSB	13
Bank Credit & Comm	13	Robert Fraser & Ptnrs.	13½	United Bk of Kuwait	13
Bank of Cyprus	13	Girobank	13	United Mizrahi Bank	13
Bank of Ireland	13	● Guinness Mahon	13	Unity Trust Bank Plc	13
Bank of India	13	HFC Bank plc	13	Western Trust	13
Bank of Scotland	13	● Hambros Bank	13	Westpac Bank Corp.	13
Banque Belge Ltd	13	Heritable & Gen Inv Bnk	13	Whiteaway Laidlaw	13½
Barclays Bank	13	● Hill Samuel	§13	Yorkshire Bank	13
Beneficial Bank PLC	13	C. Hoare & Co.	13		
Berliner Bank AG	13	Hongkong & Shangh	13		
Brit. Bk of Mid East	13	● Leopold Joseph & Sons	13		
● Brown Shipley	13	Lloyds Bank	13		
Business Mtge Tst	13½	Meghraj Bank Ltd	13		
CL Bank Nederland	13	McDonnell Douglas Bnk	13		
Central Capital	13	Midland Bank	13		
● Charterhouse Bank	13	Mortgage Express Ltd.	‡13.95		
Citibank NA	13	Mount Banking Corp.	13		
City Merchants Bank	13	Nat Bk. of Kuwait	13		

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FT-ACTUARIES SHARE INDICES

These indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

	EQUITY GROUPS & SUB-SECTIONS (Figures in parentheses show number of stocks per section)	Friday March 10 1989 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at (25%)	Est. P/E Ratio (Net)	xd adj. 1989 to date	Thu Mar 9 Index No.	Wed Mar 8 Index No.	Tue Mar 7 Index No.	Year ago (approx) Index No.	1988/89 High	1988/89 Low	Since Compilation High	Since Compilation Low
1	CAPITAL GOODS (207)	958.38	+0.8	9.91	3.79	12.36	1.53	950.73	951.86	948.44	766.29	958.38 10/3/89	786.80 8/2/88	1038.07 16/7/87	50.71 13/12/74
2	Building Materials (28)	1208.24	+0.6	10.54	3.78	11.68	0.45	1201.33	1206.95	1200.28	1024.23	1208.24 10/3/89	900.82 9/12/88	1381.88 16/7/87	44.27 11/12/74
3	Contracting, Construction (38)	1764.87	+0.8	11.38	3.49	11.45	2.89	1751.26	1758.35	1735.95	1566.31	1764.87 10/3/89	1385.83 4/1/88	1951.50 16/7/87	71.48 2/12/74
4	Electricals (10)	2811.85	+1.8	8.10	4.23	14.56	0.75	2784.45	2808.86	2744.87	2077.26	2811.85 10/3/89	1946.87 6/4/88	2811.85 10/3/89	84.71 25/6/62
5	Electronics (30)	2183.73	+1.4	8.65	3.05	14.99	7.98	2153.91	2129.54	2123.85	1553.73	2183.73 10/3/89	1423.66 9/2/88	2236.70 17/7/87	1229.81 8/10/85
6	Mechanical Engineering (55)	511.46	+0.5	9.49	3.77	12.81	0.53	509.17	512.80	512.11	399.05	512.88 8/3/89	367.20 8/2/88	544.57 14/10/87	45.43 5/1/75
8	Metals and Metal Forming (7)	540.54	+0.6	14.20	5.45	7.96	0.00	537.40	539.97	539.20	456.79	542.47 6/3/89	424.40 19/2/88	596.67 9/10/87	49.65 6/1/75
9	Motors (17)	320.17	+0.4	11.11	4.51	10.52	0.00	318.84	320.69	319.41	288.56	320.96 6/3/89	254.89 12/12/88	411.42 13/10/87	19.91 6/1/75
10	Other Industrial Materials (22)	1575.62	+0.9	8.74	4.01	13.57	3.87	1561.66	1564.78	1571.36	1259.83	1581.50 6/3/89	1191.01 8/2/88	1736.80 22/9/87	277.55 15/1/81
21	CONSUMER GROUP (186)	1184.86	+0.6	8.72	3.58	14.39	3.19	1177.71	1183.56	1184.07	1066.92	1203.17 8/2/89	989.31 14/12/88	1406.32 16/7/87	61.41 13/12/74
22	Brewers and Distillers (22)	1337.09	+0.9	9.33	3.33	13.54	5.20	1324.81	1333.70	1330.52	1066.39	1337.09 10/3/89	951.87 8/2/88	1337.09 10/3/89	69.47 13/12/74
25	Food Manufacturing (20)	1039.45	----	8.93	3.84	14.02	2.21	1039.94	1046.83	1039.64	840.56	1069.86 8/2/89	803.48 6/4/88	1092.25 16/7/87	59.67 11/12/74
26	Food Retailing (15)	1998.63	+0.3	9.87	3.51	14.50	8.17	1991.83	2008.11	1996.64	2130.94	2179.42 10/3/88	1723.24 15/12/88	2649.96 16/7/87	54.25 11/12/74
27	Health and Household (13)	2130.81	+0.4	6.35	2.57	18.82	0.48	2129.97	2134.85	2163.49	1881.72	2189.17 8/2/89	1788.33 13/1/88	2699.85 16/7/87	175.38 28/5/80
29	Leisure (33)	1631.84	+0.5	7.35	3.27	17.18	12.13	1623.87	1632.37	1626.87	1258.03	1632.37 8/3/89	1142.19 4/1/88	1632.37 8/3/89	54.83 9/1/75
31	Packaging & Paper (17)	601.35	-0.1	9.22	3.79	13.49	0.53	602.14	605.60	602.83	515.32	607.36 8/2/89	473.11 6/4/88	739.48 16/7/87	43.46 6/1/75
32	Publishing & Printing (18)	3760.90	+0.7	8.40	4.17	14.98	3.38	3735.41	3753.76	3751.15	3555.95	3916.24 8/2/89	3091.72 14/12/88	5070.66 5/10/87	55.08 6/1/75
34	Stores (33)	773.73	+1.3	10.98	4.48	11.98	1.64	763.80	765.29	766.44	832.62	859.85 28/1/88	658.79 9/12/88	1160.58 29/7/87	52.63 6/1/75
35	Textiles (15)	520.57	+1.7	11.93	5.39	10.18	0.25	511.92	516.34	520.13	568.29	620.72 27/4/88	432.61 14/12/88	914.52 2/10/87	62.66 11/12/74
40	OTHER GROUPS (94)	1083.52	+0.6	9.79	4.07	12.48	0.97	1076.91	1077.29	1073.11	892.47	1083.52 10/3/89	834.42 8/2/88	1192.48 8/10/87	58.63 6/1/75
41	Agencies (18)	1312.94	-0.3	8.39	2.52	15.08	5.48	1317.05	1335.45	1337.13	1165.15	1337.13 7/3/89	994.91 12/12/88	1795.57 17/7/87	870.35 4/12/87
42	Chemicals (22)	1212.69	+0.7	10.98	4.79	10.94	0.37	1204.58	1206.66	1203.72	1032.57	1235.81 8/2/89	971.71 5/4/88	1545.46 5/10/87	71.20 1/12/74
43	Conglomerates (11)	1506.93	+0.9	10.13	4.84	11.41	4.27	1493.06	1508.25	1503.35	1185.65	1506.93 10/3/89	1095.37 4/1/88	1547.81 8/10/87	975.19 10/11/87
45	Shipping and Transport (13)	2402.24	+1.1	7.98	3.48	16.29	0.00	2375.32	2381.75	2392.91	1914.87	2418.66 6/3/89	1718.96 4/1/88	2497.85 16/7/87	90.80 29/6/62
47	Telephone Networks (2)	1159.08	+0.7	10.13	4.05	12.83	0.00	1150.60	1147.84	1133.05	968.67	1159.08 10/3/89	880.24 12/1/88	1274.14 9/6/87	517.92 30/11/84
48	Miscellaneous (28)	1487.41	----	9.53	3.66	11.94	0.68	1486.96	1475.26	1467.45	1194.42	1487.41 10/3/89	1096.28 19/5/88	1773.78 5/10/87	60.39 6/1/75
49	INDUSTRIAL GROUP (487)	1119.91	+0.7	9.36	3.78	13.21	2.11	1112.52	1115.41	1113.28	952.45	1119.91 10/3/89	887.00 8/2/88	1268.86 16/7/87	59.01 13/12/74
51	Oil & Gas (13)	1944.67	-0.6	9.33	5.74	13.73	23.12	1955.53	1961.10	1972.85	1830.28	1972.85 7/3/89	1681.40 9/9/88	2458.68 16/7/87	87.23 29/5/62
59	500 SHARE INDEX (500)	1190.44	+0.5	9.35	4.04	13.27	3.81	1184.49	1187.61	1186.58	1026.64	1190.44 10/3/89	958.79 5/2/88	1369.88 16/7/87	63.49 13/12/74
61	FINANCIAL GROUP (126)	749.90	+0.2	–	4.96	–	4.74	748.14	753.69	751.61	664.31	776.56 8/2/89	630.02 8/2/88	896.67 13/10/87	55.88 13/12/74
62	Banks (8)	740.80	+0.5	22.87	6.44	5.71	13.86	736.77	744.80	742.18	654.78	780.44 8/2/89	610.26 7/4/88	898.38 16/7/87	62.44 12/12/74
65	Insurance (Life) (8)	1044.11	----	–	5.17	–	0.00	1044.18	1054.74	1052.10	959.93	1090.17 1/8/88	906.86 14/12/88	1285.72 9/10/87	44.88 2/1/75
66	Insurance (Composite) (7)	600.34	+0.2	–	5.33	–	0.00	598.84	603.70	601.70	527.19	611.64 8/2/89	481.43 8/2/88	787.58 13/10/87	43.96 13/12/74
67	Insurance (Brokers) (7)	1016.34	+0.1	8.61	6.32	14.51	0.68	1014.98	1018.27	1018.52	872.38	1071.22 8/2/89	823.41 6/4/88	1399.56 17/7/87	65.86 16/12/74
68	Merchant Banks (11)	345.92	-0.2	–	4.33	–	0.03	346.59	348.55	348.26	360.67	378.23 9/6/88	309.82 13/12/88	547.59 12/10/87	31.21 7/1/75
69	Property (53)	1323.78	+0.1	5.44	2.57	23.39	1.15	1322.55	1328.34	1324.64	1072.80	1339.17 8/2/89	975.44 4/1/88	1374.86 16/7/87	56.01 20/4/65
70	Other Financial (32)	383.17	----	9.37	5.30	13.42	1.92	383.86	383.34	382.88	394.40	401.37 22/3/88	340.50 14/12/88	683.48 16/7/87	33.29 17/12/74
71	Investment Trusts (73)	1103.86	+0.6	–	2.82	–	3.37	1097.21	1102.23	1099.59	871.44	1103.86 10/3/89	784.91 4/1/88	1207.90 5/10/87	71.12 13/12/74
81	Mining Finance (2)	686.18	+0.1	8.44	3.14	13.08	2.50	685.77	682.63	683.29	449.38	686.18 10/3/89	385.04 8/2/88	727.93 3/8/87	66.31 30/9/74
91	Overseas Traders (8)	1381.25	-0.4	8.57	4.84	13.62	15.65	1386.55	1409.87	1404.37	1027.82	1447.77 7/11/88	969.88 4/1/88	1447.77 7/11/88	97.37 6/1/75
99	ALL-SHARE INDEX (709)	1083.32	+0.4	–	4.13	–	4.07	1078.48	1082.19	1080.89	930.11	1083.32 10/3/89	870.19 8/2/88	1238.57 16/7/87	61.92 13/12/74
		Index No.	Day's Change	Day's High (a)	Day's Low (b)	Mar 9	Mar 8	Mar 7	Mar 6	Mar 3	Year ago				
	FT-SE 100 SHARE INDEX‡	2085.2	+9.3	2090.4	2079.3	2075.9	2083.3	2083.5	2072.8	2059.2	1811.6	2096.2 8/2/89	1694.5 8/2/88	2443.4 16/7/87	986.9 23/7/84

FIXED INTEREST

	PRICE INDICES	Fri Mar 10	Day's change %	Thu Mar 9	xd adj. today	xd adj. 1989 to date
	British Government					
1	5 years	118.47	+0.06	118.40	–	2.72
2	5-15 years	135.97	+0.03	135.93	–	2.32
3	Over 15 years	148.51	+0.12	148.33	–	3.21
4	Irredeemables	176.97	+0.05	176.88	–	1.51
5	All stocks	133.19	+0.05	133.12	–	2.59
	Index-Linked					
6	5 years	132.77	-0.04	132.83	–	1.36
7	Over 5 years	134.31	----	134.52	0.22	0.95
8	All stocks	134.12	----	134.33	0.21	0.95
9	Debentures & Loans	117.99	+0.01	117.98	–	1.90
10	Preference	90.12	----	90.12	–	0.56

	AVERAGE GROSS REDEMPTION YIELDS		Fri Mar 10	Thu Mar 9	Year ago (approx.)	1988/89 High	1988/89 Low
	British Government						
1	Low	5 years	9.17	9.19	8.71	10.54 14/12/88	8.38 18/4/88
2	Coupons	15 years	8.95	8.95	9.03	9.83 13/1/88	8.77 9/2/89
3		25 years	8.83	8.83	8.92	9.57 13/1/88	8.73 16/2/89
4	Medium	5 years	10.32	10.31	9.22	10.94 14/12/88	8.75 18/4/88
5	Coupons	15 years	9.41	9.41	9.21	10.01 13/1/88	9.12 15/3/88
6		25 years	8.98	8.98	9.06	9.79 13/1/88	8.85 17/2/89
7	High	5 years	10.45	10.44	9.33	11.06 14/12/88	8.84 18/4/88
8	Coupons	15 years	9.62	9.63	9.35	10.16 13/1/88	9.26 15/3/88
9		25 years	9.17	9.17	9.11	9.82 13/1/88	8.99 27/1/89
10	Irredeemables	†	8.70	8.69	9.05	10.09 2/9/88	8.65 18/4/88
	Index-Linked						
11	Inflation rate 5%	5yrs.	3.28	3.24	2.38	3.87 4/1/89	2.09 30/3/88
12	Inflation rate 5%	Over 5 yrs.	3.45	3.44	3.84	4.27 13/1/88	3.44 9/3/89
13	Inflation rate 10%	5 yrs.	2.44	2.39	1.45	3.59 13/1/88	1.09 30/3/88
14	Inflation rate 10%	Over 5 yrs.	3.29	3.28	3.69	4.37 13/1/88	3.28 9/3/89
15	Debs &	5 years	11.98	12.02	10.72	12.02 9/3/89	10.16 24/5/88
16	Loans	15 years	11.32	11.33	10.60	11.41 28/9/88	10.51 19/4/88
17		25 years	10.75	10.74	10.60	11.21 2/9/88	10.51 19/4/88
18	Preference	†	10.02	10.02	10.51	10.84 4/1/88	9.54 22/6/88

‡Opening index 2082.3; 10 am 2088.8; 11 am 2089.1; Noon 2090.2; 1 pm 2088.3; 2 pm 2086.7; 3 pm 2080.0; 4 pm 2083.3; 4.05 pm 2083.3 (a) 11.58am (b) 2.52pm

Equity section or group	Base date	Base value	Equity section or group	Base date	Base value	Equity section or group	Base date	Base value
Agencies	31/12/86	1114.07	Overseas Traders	31/12/74	100.00	Mining Finance	29/12/67	100.00
Conglomerates	31/12/86	1114.07	Mechanical Engineering	31/12/71	153.84	All Other	10/4/62	100.00
Telephone Networks	30/11/84	517.92	Industrial Group	31/12/70	128.20	British Government	31/12/75	100.00
Electronics	30/12/83	1646.65	Other Financial	31/12/70	128.06	Do. Index-linked	30/4/82	100.00
Other Industrial Materials	31/12/80	287.41	Food Manufacturing	29/12/67	114.13	Debs & Loans	31/12/77	100.00
Health/Household Products	30/12/77	261.77	Food Retailing	29/12/67	114.13	Preference	31/12/77	76.72
Other Groups	31/12/74	63.75	Insurance Brokers	29/12/67	96.67	FT-SE 100 Index	30/12/83	1000.00

† Flat yield. A list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.
CONSTITUENT CHANGES: Viking Resources (71) and Bassett Foods (25) have been deleted. Pepe Group (34) has been inserted. NAME CHANGE: Marshalls Halifax (2) has become Marshalls.

INTERNATIONAL COMPANIES AND FINANCE

Adsteam lifts dividend as interim profits leap 47%

By Our Financial Staff

ADELAIDE STEAMSHIP, the Australian trading and investment concern which holds a stake of just over 10 per cent in Commercial Union of the UK, yesterday posted a 47 per cent increase in net profits in the half year ended December 31.

The group, run by Mr John Spalvins, lifted income to A$100.5m (US$82.4m) in the interim period, from A$68.4m a year earlier. Earnings per share were boosted to 62 cents against 45.7 cents, and the company is hoisting the fully franked dividend to 47 cents a share from 18 cents.

Sales revenue advanced by 14 per cent to A$233.5m from A$204.8m. Other revenue was sharply up, by 156.5 per cent to A$197.3m against A$76.9m last time.

Mr Spalvins said the group was in excellent shape and expected another satisfactory result for the full year.

The result is equity accounted and includes Adsteam's share of results from associated companies. After accounting for extraordinary items, overall profit rose 51 per cent to A$103.8m from A$68.7m.

Mr Spalvins said the high level of activity in the building industry contributed to strong growth for Adsteam's wholly owned timber, building supplies and land development subsidiaries. Its traditional marine activities continued to return good profits, he added.

Adsteam also benefited from its investments, direct and indirect, in the three key listed Australian trading banks and in Commercial Union and Royal Insurance.

Mr Spalvins said: "We are pleased with these investments and further benefits can be expected, particularly in respect of our bank holdings."

He added that a previously announced profit of A$60m resulting from the sale of the Collie Cooke Consolidated printing-ink unit would be brought to account in the second half.

DSM to buy US rubber group for Fl 500m

By Our Financial Staff

DSM, the big Dutch chemicals group which was partially privatised earlier this year, is to pay Fl 500m ($239m) for Copolymer Rubber and Chemical of the US.

Based in Baton Rouge, Louisiana, Copolymer makes ethylene-propylene-di-monomer (EPDM) rubber and has annual sales of about $500m.

DSM, which this week turned in sharply higher profits, said the takeover would give it a leading position in the world market for the material. The deal is to be financed by internal resources.

EPDM rubber is used mostly in weather-resistant applications such as seals, bumpers and hoses.

Copolymer produces about 60,000 tonnes of EPDM a year, similar to DSM's own EPDM production at its main Dutch plant.

Copolymer is being acquired from Mark IV Industries, the US measurement systems, aerospace and audio group which late last year completed the purchase of the outstanding 85 per cent of Armtek Corporation for $575m.

In 1988, DSM strengthened its EPDM market position by forming a joint venture with Idemitsu Petrochemical of Japan.

The group said yesterday that DSM and Copolymer had different production techniques, enabling engineers at the two companies to swap know-how and develop new applications for EPDM rubber.

DSM was partly privatised in February when the Dutch Government floated a one-third equity stake on the Amsterdam bourse via a Fl 1.3bn issue. A second tranche of shares, also one-third, is expected to be offered for sale later this year.

Boosted by strong demand and high-capacity working, DSM made a net profit of Fl 622m for 1988, up from Fl 442m in 1987. The result was modestly ahead of prospectus forecast.

The company has been substantially restructured in recent years as the Government groomed DSM for the stock market. It is Europe's sixteenth largest chemicals group.

To some extent, however, DSM remains exposed to the cycles affecting bulk chemicals and plastics, and has problems with relatively low profitability in its fertiliser division.

Intel chip battle partially resolved

By Louise Kehoe in San Francisco

A LONG-RUNNING dispute over microprocessor technology between Intel and Advanced Micro Devices (AMD), two of Silicon Valley's largest chip makers, was partially resolved late yesterday by the decision of an arbitrator.

The outcome of the dispute may eventually determine whether Intel must license AMD to manufacture its highly prized 386 microprocessor, a chip used to power high-performance personal computers.

The 386 represents one of Intel's most important and profitable products. Breaking with industry tradition, Intel has not licensed other chip makers to produce the chip.

It claims that $100m was spent on developing the 386 and says it is seeking the maximum possible return on the investment.

W.J. Sanders: head of Advanced Micro Devices

AMD, which is headed by Mr W.J. Sanders, claims Intel is obliged to license AMD to produce the 386 under terms of a 1982 agreement in which the companies agreed to swap chip designs, including Intel's microprocessors. Intel has, however, steadfastly refused to transfer the 386 to AMD.

Intel terminated the agreement in 1987, claiming that AMD had failed to come up with products of adequate value to exchange for its latest microprocessor.

One aspect of the dispute has now been settled.

In his ruling, retired Judge Mr J. Barton Phelps said Intel had breached its "implied covenant" with AMD by failing to negotiate reasonably with the company over the specifications for a product that AMD wanted to exchange for the 386.

Judge Phelps ruled that AMD was entitled to damages for Intel's breaches. These damages might include monetary damages, attorney's fees and costs, the judge said.

Interpretations of the ruling differ, with Intel claiming the judgment implies it will not be forced to grant AMD the right to manufacture the 386 or to accept the AMD product in exchange.

Intel points out that the judge states in his ruling that AMD "though not entitled to specific performance (of the original contract) is entitled to provable contract damages from Intel."

On the other hand, AMD notes the judge has not ruled out any form of award in the case, including granting AMD manufacturing rights to the 386.

The AMD-Intel dispute is clearly far from over. The arbitrator has still to consider the facts relating to several other chips and only then will he address the issue of compensation.

The arbitration is scheduled to resume next week and is expected to continue into the year's fourth quarter.

Labatt held back by foods side

By Robert Gibbens in Montreal

JOHN LABATT, the Canadian brewer that stands to lose its domestic market leadership to a merger of its two rivals, has reported a 7 per cent decline in earnings for the nine months ended January 31.

Labatt, controlled by the Brascan conglomerate, increased its domestic and export beer market share while brewing results as a whole were better.

But lower profit from the foods division dragged Labatt's overall earnings down to C$97.6m (US$81.3m) or C$1.32 a share from C$105.2m or C$1.43 a year earlier. Total revenues were C$4.1bn, up 7 per cent from C$3.9bn.

Third-quarter earnings were C$25.2m or 34 cents a share, down from C$29m or 39 cents, on revenues of C$1.3bn against C$1.2bn. Labatt did not separate its beer and foods results.

The drop in food earnings was due to higher raw milk costs in the New York State market and the launch of a new product in the US. Rationalisation of US plants also increased costs.

Labatt will probably confirm the sale of a Canadian food manufacturing subsidiary next week, for more than C$200m.

The group's US beer sales improved significantly and sales of its draught beer in Britain, where the group is aiming to expand further, were strong.

The communications and entertainments operations performed well. Earnings exceeded expectations, due primarily to the success of the merchandising operations.

● Magna International, Canada's biggest car parts manufacturer, recorded first-half net profit of C$8m, up from C$7.3m.

Including gains on property sales, final earnings were C$18.6m or 67 cents, against C$10.8m or 39 cents on revenues of C$910m, up 47 per cent from a year earlier.

● Trimac, the large bulk transport group, earned C$10.6m or 30 cents a share before extraordinary items in 1988, up from C$6.9m or 18 cents in 1987. Revenues climbed to C$338m from C$280m.

Haulage business improved strongly in Canada and the US and losses were lower in contract drilling.

Revenue surge at Comparex

By Alan Cane

COMPAREX Information Systems, the mainframe computer company established two years ago as a joint venture between Siemens and BASF, both of West Germany, showed strong growth in revenues and profits last year.

Turnover was DM1.08bn ($580.6m), an increase of 13.2 per cent over the previous year, while net profits at DM46m advanced 15 per cent. The growth is significantly better than the average for the mainframe industry, which is now less than 10 per cent a year.

Mr Rolf Brillinger, Comparex chairman, announced the results in Hanover this week amid growing speculation about the future balance of the company's ownership if, as expected, it takes over the European operations of National Advanced Systems (NAS), the mainframe computer arm of National Semiconductor of the US.

NAS and Comparex both market computers built by Hitachi of Japan.

Late last month, after a bid to take over NAS by the Netherlands-based Memorex-Telex failed through an inability to raise the necessary cash, Hitachi and Electronic Data Systems, the computing services arm of General Motors, announced they intended jointly to buy NAS, selling on the European operations to Comparex.

Mr Brillinger said a letter of intent to purchase the company had been signed but that the final agreement would not be concluded before the end of March.

He said there was no question that the company could find the money.

While Mr Brillinger was reluctant to give more details, it is thought that Hitachi is anxious to have a share in the enlarged Comparex group as part of the deal.

Mr Brillinger confirmed that Comparex was also holding discussions with Olivetti of Italy, which markets Hitachi mainframes within Italy alone.

It is understood that Hitachi is primarily concerned to establish reliable marketing channels to Western Europe. It was upset by the failure of its first distributor, Itel, a decade ago, and by National Semi's willingness to sell NAS when the semiconductor manufacturer decided it had to concentrate on the chip business.

Mr Brillinger said he believed the computer industry was settling down to a reduced rate of growth but that there was ample opportunities left for Comparex.

"Orders received in the first two months of this year are very encouraging so that, with or without the acquisition of NAS Europe, we expect growth in double figures for 1989."

Acquisition boosts Veba turnover

By David Marsh in Bonn

VEBA, the West German energy and chemicals conglomerate, is increasing its 1988 dividend to DM11 from DM10 a share after increasing net group profit to DM1.07bn ($575m) from DM943m a year earlier. The group expects the strong profits trend to continue in 1989.

Group turnover rose to DM44.4bn from DM40.5bn. Part of the 9.6 per cent sales increase was a result of Veba's acquisition of the chemicals and plastics activities of Dynamit Nobel, which came into force from January last year.

This boosted chemicals turnover by 63 per cent to DM8.2bn from DM5bn.

Electricity sales fell 2 per cent to DM10.1bn from DM10.3bn while trading activities rose 9 per cent to DM13.4bn from DM12.3bn. Oil turnover fell to DM8.2bn from DM8.7bn as a result of lower prices and falling volume.

Fixed-asset investment rose to DM2.8bn from DM2.5bn, with DM1.5bn or 55 per cent coming from the electricity sector. This was the same as 1987, when electricity made up 61 per cent of investments.

Partly as a result of mild weather, electricity sales fell 2 per cent to 70bn kW hours.

Veba said the chemicals sector enjoyed continuing high demand with capacity utilisation rising to 87 per cent from 84 per cent.

Oil production rose to 3.4m tonnes from 2.4m tonnes as a result of higher output from Libya. Refinery capacity was 97 per cent utilised.

Carnaud holders approve link with MB Group

By Our Paris Staff

CARNAUD, the French packaging concern, yesterday announced further large increases in sales and profits.

The company also announced that its shareholders had unanimously approved the merger of the packaging activities of Carnaud with those of Britain's MB Group, formerly Metal Box Group, to create CMB Packaging. It said the new group, with sales of FFr23bn ($3.6bn) and 35,000 employees, should be operational from April 1.

Carnaud's sales in 1988 rose 31 per cent to FFr9.45bn from FFr7.23bn in 1987, while net income rose 44 per cent to FFr527m from FFr365m.

The company plans to step up its dividend total by 66 per cent, after a 32 per cent increase in 1987.

Gambro up sharply after cutting production costs

By Sara Webb in Stockholm

GAMBRO, the Swedish manufacturer of kidney dialysis and intensive care equipment, reported a 22 per cent increase in profits (after financial items) to SKr271.3m ($42.6m) for 1988.

The group said the increase stemmed from a reduction in production costs and from a better product mix. The board proposed raising the dividend by 50 per cent to SKr1.8 per share to compensate for its "earlier comparatively low dividend policy."

Group operating income rose by 13 per cent to SKr332.7m while total revenue increased by 8 per cent to SKr3.86bn.

Gambro said demand in Europe was strong and that it had succeeded in boosting its share of the European market, partly through its acquisition of Hospal, the Swiss-French kidney dialysis equipment manufacturer which it acquired in 1987, and partly by stepping up its marketing efforts.

However, higher marketing costs in Japan for the group's intensive care and anaesthesia products, as well as heavier investments in research and development, curbed the profit increases.

Operations in the US, where Gambro has been forced to restructure its loss-making subsidiary, are expected to improve by mid-1989 once the effects of a cost-cutting programme show.

On a 9 per cent increase in turnover, profits for the first half of last year rose by 17 per cent to SKr146.7m after financial items. At the time, Gambro said profits were expected to remain favourable.

Correction

M Pebereau

YESTERDAY'S FT, in an item about Mr Michel Pebereau, incorrectly printed a photograph of Mr Georges Pebereau.

Mediobanca registers strong half year

By Alan Friedman in Milan

MEDIOBANCA, the Milan merchant bank whose top executives may face criminal charges over alleged falsification of balance sheets, yesterday reported a 46 per cent increase in pre-tax profits to L162.9bn ($120m) for the six months ended 1988.

The improvement was mostly achieved on higher income from underwriting commissions and intermediation and from an improvement on the securities side of the bank.

The bank has made no comment about a request three weeks ago from the Milan public prosecutor for the criminal indictment of executives on charges alleging the falsification of balance sheets to disguise secret funds.

Mediobanca revealed its list of leading shareholders, including 17 private sector groups that together control 25 per cent of the bank's capital.

The list shows that Fiat, Generali, Pirelli, Lazard, Olivetti and three other companies each control an effective 2.25 per cent of Mediobanca, thanks to their membership in a special consortium known as Fin Priv.

The consortium, in turn, owns an extra share stake beyond the 2 per cent holdings of each of the above.

Three state-controlled banks own a total of 25 per cent of Mediobanca, while unit trusts hold 6.26 per cent. The remaining 43.74 per cent is controlled by 46,000 shareholders.

WORLD COMMODITIES PRICES

WEEKLY PRICE CHANGES

	Latest prices	Change on week	Year ago	High 1988/89	Low 1988/89
Gold per troy oz.	$393.25	+7.75	$441	$485.5	$380.25
Silver Per troy oz	350.45p	+13.70	341.9	457.75p	327.45p
Aluminium 99.7% (cash)	$2067.5	-277.5	$2250	$4205	$1915
Copper Grade A (cash)	£1962.5	-1.5	£1306	£2004	£1129.5
Lead(cash)	£339	-10	£360	£408	£328
Nickel (cash)	$17650	-1375	£13550	$22200	£4022.5
Zinc (cash)	$2080.0	-27.5	£519.5	$2107.5	$850
Tin (cash)	£5290.0	+372.5	£3742.5	£5290	£3625
Cocoa Futures (May)	£853	+7	£954	£1182	£722
Coffee Futures (May)	£1184	+19	£1164	£1317	£922
Sugar (LDP Raw)	$295.6	+15.8	$233.4	$393	$213.6
Barley Futures (May)	£112.15	-0.85	£104.75	£113.45	£97.25
Wheat Futures (May)	£117.25	-0.35	£105.8	£118.05	£103.35
Cotton Outlook A Index	65.25c	+1.75	66c	75.3c	54.9c
Wool (645 Super)	645p		570p	710p	484p
Rubber (Spot)	56.5p	-2.5	61.5p	88p	51p
Oil (Brent Blend)	$17.00	-1.25	$14.8	$18.25	$11.25

Per tonne unless otherwise stated. †Unquoted. p-pence/kg. c-cents lb

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

	Close	Previous	High/Low	AM Official	Kerb close	Open interest
Aluminium, 99.7% purity ($ per tonne)						Ring turnover 28,350 tonne
Cash	2065-70	2190-200	2105	2100-5		
3 months	2040-2	2160-5	2150/2028	2085-90	2038-40	29,179 lots
Copper, Grade A (£ per tonne)						Ring turnover 50,675 tonne
Cash	1960-5	1910-5	1973/1964	1971-2		
3 months	1833-4	1798-9	1835/1816	1829-30	1837-8	69,553 lots
Silver (US cents/fine ounce)						Ring turnover 0 ozs
Cash	594-7	582-5		599-600		
3 months	607-10	595-8		612-4		355 lots
Lead (£ per tonne)						Ring turnover 7,150 tonne
Cash	338-40	340.5-1.5	338.5	336.5-9		
3 months	348-9	350.5-1	350/347	348-8.5	349-50	8,928 lots
Nickel ($ per tonne)						Ring turnover 2,502 tonne
Cash	17600-700	17850-950	17400/17360	17300-50		
3 months	17100-200	17050-100	17200/16600	16750-800	17200-300	7,004 lots
Zinc, Special High Grade ($ per tonne)						Ring turnover 12,825 tonne
Cash	2075-85	2050-5	2085/2084	2084-5		
3 months	1980-5	1970-5	1985/1980	1980-5	1980-90	6,628 lots
Zinc ($ per tonne)						Ring turnover 15,975 tonne
Cash	2075-85	2045-55	2085/2085	2080-5		
3 months	1960-60	1939-40	1970/1945	1953-5	1956-8	12,070 lots

US MARKETS

IN THE METALS, prices rose early in the gold, silver and platinum on scattered buying until heavy resistance levels pared further gains, reports Drexel Burnham Lambert. Gold prices peaked at 400.20 basis April but settled much lower. Silver futures found support after prices advanced over 6.00. In the softs, speculative selling early on, along with trade selling on the close weakened cocoa prices. Coffee prices gained slightly in light volume. sugar trading was hectic as prices swayed within a 50 point range. Prices slipped near the close on some weekend liquidation. In the grains, late crusher selling weakened the soy complex, setting the stage for a key reversal forcing local liquidation. Corn and wheat futures were slow with no export business seen. In livestock trading, short covering and carryover buying from the cattle futures gave support to the pork bellies and hogs, despite weak fundamentals. The energy complex was soft in quiet dealings.

SPOT MARKETS

Crude oil (per barrel FOB)		+ or -
Dubai	$14.90-5.00q	-0.11
Brent Blend	$16.95-7.05q	-.075
W.T.I. (1 pm est)	$18.50-8.45q	-0.15
Oil products (NWE prompt delivery per tonne CIF)		**+ or -**
Premium Gasoline	$192-194	
Gas Oil	$145-147	-0.5
Heavy Fuel Oil	$90-92	
Naphtha	$165-167	+1
Petroleum Argus Estimates		
Other		**+ or -**
Gold (per troy oz)♣	$393.25	+1.25
Silver (per troy oz)♣	601c	+14
Platinum (per troy oz)	$545.5	+6.5
Palladium (per troy oz)	$144.75	+0.25
Aluminium (free market)	$2105	-90
Copper (US Producer)	152⅝-155c	-5
Lead (US Producer)	37.5c	
Nickel (free market)	780c	-20
Tin (European free market)	£5290	+20
Tin (Kuala Lumpur market)	24.63r	+0.23
Tin (New York)	415.1c	-0.4
Zinc (US Prime Western)	85⅞c	
Cattle (live weight)†	106.39p	+0.64*
Sheep (dead weight)†	173.45p	+2.49*
Pigs (live weight)†	81.54p	+2.39*
London daily sugar (raw)	$295.6u	+1.2
London daily sugar (white)	$327.0u	+3.5
Tate and Lyle export price	£282.5	
Barley (English feed)	£115.5	
Maize (US No. 3 yellow)	£131	
Wheat (US Dark Northern)	£126.75v	
Rubber (spot)♥	56.50p	-1.25
Rubber (Apr) ♥	66.00p	-1.25
Rubber (May) ♥	66.50p	-1.50
Rubber (KL RSS No 1 Apr)	296.0m	-2.5
Coconut oil (Philippines)§	$555u	
Palm Oil (Malaysian)§	$405q	+5
Copra (Philippines)§	$350	
Soyabeans (US)	$200q	+1
Cotton "A" index	64.45c	
Wooltops (64s Super)	645p	

£ a tonne unless otherwise stated. p-pence/kg. c-cents/lb. r-ringgit/kg. v-Apr/May. u-Mar/Apr. q-Apr. x-Feb/Mar w-Apr/Jun. †Meat Commission average fatstock prices. * change from a week ago. ♥London physical market. §CIF Rotterdam. ♣ Bullion market close. m-Malaysian cents/kg.

COCOA £/tonne

	Close	Previous	High/Low	
Mar	835	843	837	830
May	853	860	855	846
Jul	857	867	864	854
Sep	859	871	866	859
Dec	893	900	897	891
Mar	869	883	875	865
May	871	881	871	866

Turnover:4886 (3906) lots of 10 tonnes
ICCO indicator prices (SDRs per tonne). Daily price for Mar 9:1103.11 (1113.91):10 day average for Mar 10:1100.12 (1101.54).

COFFEE £/tonne

	Close	Previous	High/Low	
Mar	1198	1185	1199	1187
May	1184	1167	1185	1172
Jly	1144	1132	1146	1135
Sep	1120	1112	1125	1115
Nov	1105	1098	1109	1100
Jan	1103	1095	1110	
Mar	1103	1099	1108	

Turnover:3578 (3383) lots of 5 tonnes
ICO indicator prices (US cents per pound) for Mar 9: Comp. daily 119.43 (119.23); . 15 day average 117.05 (116.83).

SUGAR ($ per tonne)

Raw	Close	Previous	High/Low	
May	289.00	285.20	277.00	266.00
Aug	267.80	285.80	275.00	267.80
Oct	265.40	264.00	274.00	264.00
Dec	265.00	265.00	265.00	
Mar	257.00	259.00	262.40	256.00
White	**Close**	**Previous**	**High/Low**	
May	320.00	319.00	325.50	317.00
Aug	328.00	326.00	333.00	320.50
Oct	317.50	314.00	323.50	317.50
Dec	310.00	308.00	310.00	

Turnover: Raw 10071 (10731)lots of 50 tonnes. White 1729 (1306).
Paris- White (FFr per tonne): May 2040, Aug 2075, Oct 2010, Dec 1980, Mar 1915, May 1900.

LONDON METAL EXCHANGE TRADED OPTIONS

Aluminium (99.7%)	Calls		Puts	
Strike price $ tonne	May	Jul	May	Jul
1950	148	130	33	81
2050	88	84	71	132
2150	47	51	129	187
Copper (Grade A)	**Calls**		**Puts**	
2900	324	246	40	139
3100	190	154	103	240
3300	98	90	209	371

LONDON BULLION MARKET

Gold (fine oz)	$ price	£ equivalent
Close	393-393½	229-229½
Opening	395¼-395¾	229¼-229¾
Morning fix	397	230.305
Afternoon fix	393.6	228.246
Day's high	397½-398	
Day's low	392½-393	

Coins	$ price	£ equivalent
Mapleleaf	404-409	235-238
Britannia	404-409	235-238
US Eagle	404-409	235-238
Angel	404-409	235-238
Krugerrand	392-395	228-230
New Sov.	92½-93½	54-54¾
Old Sov.	92½-93½	54-54¾
Noble Plat	551.95-561.2	320.25-325.6

Silver fix	p/fine oz	US cts equiv
Spot	350.45	603.75
3 months	361.75	619.00
6 months	372.90	634.75
12 months	393.90	666.20

CRUDE OIL $/barrel

	Close	Previous	High/Low	
Apr	17.11	17.26	17.15	17.00
May	16.60	16.64	16.61	16.50
Jun	16.24	16.34	16.28	16.20
Jul	16.03	16.09	16.05	15.95
IPE Index	17.11	16.84		

Turnover: 4044 (9012)

GAS OIL $/tonne

	Close	Previous	High/Low	
Apr	143.75	145.50	144.50	143.50
May	142.75	144.00	143.25	142.25
Jun	141.00	142.50	141.50	140.75
Jul	140.75	142.00	141.50	140.50
Aug	140.50	143.00	140.50	
Sep	145.50	146.00		
Oct	146.00	146.25	146.50	
Nov	146.75	147.00	146.75	

Turnover 4513 (8077) lots of 100 tonnes

POTATOES £/tonne

	Close	Previous	High/Low	
Apr	66.0	65.7	66.0	65.1
May	84.5	83.6	84.5	84.0
Nov	88.5	89.0		
Feb	100.0	100.0		
Apr	128.8	129.2	128.5	128.1

Turnover 70 (92) lots of 40 tonnes.

SOYABEAN MEAL £/tonne

	Close	Previous	High/Low	
Apr	164.00	162.50	164.50	164.00
Jun	156.00	152.50		
Aug	150.50	148.50		

Turnover 55 (95) lots of 20 tonnes.

FREIGHT FUTURES $10/index point

	Close	Previous	High/Low	
Mar	1650	1660	1655	1648
Apr	1684	1697	1690	1675
Jul	1441	1460	1450	1441
Oct	1573	1580	1580	1573
Jan	1580	1605	1580	
Apr	1613	1628	1613	
BFI	1623	1615		

Turnover 303 (482)

GRAINS £/tonne

Wheat	Close	Previous	High/Low	
Mar	114.30	113.85	114.30	
May	117.25	117.05	117.25	117.00
Jun	119.05	118.90	119.10	118.70
Sep	103.90	104.05	103.90	
Nov	106.15	106.30	106.50	106.10
Jan	109.15	109.35	109.35	109.15
Mar	112.20	112.35	112.20	
Barley	**Close**	**Previous**	**High/Low**	
Mar	110.75	110.60	110.75	
May	112.15	112.00	112.15	111.95
Sep	101.10	101.10	101.10	
Nov	104.10	104.10	104.10	

Turnover: Wheat 190 (165) . Barley 70 (117) .
Turnover lots of 100 tonnes.

New York

GOLD 100 troy oz.; $/troy oz.

	Close	Previous	High/Low	
Mar	394.3	395.1	0	0
Apr	396.5	397.3	400.2	394.7
May	398.9	399.7	0	0
Jun	401.1	402.0	405.0	399.3
Aug	406.5	407.4	410.5	406.1
Oct	412.5	413.3	416.5	412.5
Dec	418.6	419.2	421.8	416.5
Feb	424.5	425.0	0	0
Apr	430.5	430.9	0	0

PLATINUM 50 troy oz; $/troy oz.

	Close	Previous	High/Low	
Mar	550.0	551.1	0	0
Apr	549.0	550.1	553.9	545.7
Jul	546.8	550.1	553.5	545.0
Oct	548.5	549.8	552.5	545.0
Jan	550.0	551.3	547.9	547.9
Apr	551.5	552.8	0	0

SILVER 5,000 troy oz; cents/troy oz.

	Close	Previous	High/Low	
Mar	606.8	600.8	608.0	598.0
Apr	609.2	603.2	606.0	604.5
May	615.0	609.0	619.0	605.5
Jul	626.6	620.3	630.0	617.0
Sep	638.0	631.5	637.0	630.5
Dec	654.5	647.9	657.0	645.0
Jan	659.7	653.0	0	0
Mar	670.9	664.1	672.0	664.0
May	682.2	675.2	676.0	676.0
Jul	693.6	686.4	0	0

INDICES

REUTERS (Base: September 18 1931 = 100)			
Mar 9	Mar 8	mnth ago	yr ago
1997.6	1995.1	1961.2	1719.4

DOW JONES (Base: Dec. 31 1974 = 100)				
Spot	137.81	137.98	134.94	127.97
Futures	141.61	141.05	137.57	131.92

COPPER 25,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	147.80	145.50	148.40	146.60
Apr	143.90	141.50	142.95	141.90
May	141.40	138.50	141.80	139.20
Jul	133.90	131.50	134.40	131.90
Sep	127.40	125.30	127.60	126.00
Dec	122.20	120.50	122.00	120.50

CRUDE OIL (Light) 42,000 US galls $/barrel

	Latest	Previous	High/Low	
Apr	18.25	18.52	18.59	18.25
May	17.93	18.08	18.17	17.93
Jun	17.63	17.77	17.82	17.63
Jul	17.38	17.52	17.55	17.38
Aug	17.24	17.34	17.36	17.24
Sep	17.08	17.20	17.24	17.08
Oct	17.05	17.09	17.15	17.05
Nov	16.99	17.01	17.05	16.95
Dec	16.85	16.95	16.98	16.85
Jan	16.75	16.85	16.79	16.75

HEATING OIL 42,000 US galls, cents/US galls

	Latest	Previous	High/Low	
Apr	5035	5036	5100	5025
May	4810	4841	4895	4810
Jun	4690	4705	4755	4690
Jul	4630	4642	4690	4630
Aug	4680	4687	4725	4680
Sep	4740	4747	4800	4740
Oct	4840	4812	4860	4840
Dec	4970	4942	5000	4970

COCOA 10 tonnes;$/tonnes

	Close	Previous	High/Low	
Mar	1525	1541	1550	1525
May	1397	1412	1425	0
Jul	1366	1387	1395	1363
Sep	1369	1393	1395	1369
Dec	1373	1398	1390	1373
Mar	1368	1380	1378	1367
May	1375	1380	1378	1370
Jul	1366	1387	1395	1363

COFFEE "C" 37,500lbs; cents/lbs

	Close	Previous	High/Low	
Mar	135.50	133.95	136.50	134.00
May	132.86	132.18	134.20	132.00
Jul	127.50	126.84	128.80	127.00
Sep	123.18	123.32	124.50	123.05
Dec	119.50	120.25	121.75	119.50
Mar	119.25	118.69	121.00	120.00
May	119.25	119.13	0	0
Jul	117.75	119.13	0	0

SUGAR WORLD "11" 112,000 lbs; cents/lbs

	Close	Previous	High/Low	
May	11.91	11.98	12.36	11.88
Jul	12.00	11.87	12.31	11.90
Oct	11.84	11.72	12.22	11.75
Jan	11.06	11.42	0	0
Mar	11.45	11.28	11.78	11.45
May	11.35	11.24	11.65	11.60
Jul	11.25	11.20	0	0

COTTON 50,000; cents/lbs

	Close	Previous	High/Low	
May	61.70	61.56	61.80	61.07
Jul	62.60	62.50	62.70	61.90
Oct	62.90	63.05	63.15	62.55
Dec	63.40	63.35	63.50	62.90
Mar	63.85	63.73	63.90	63.60
May	64.20	63.84	64.00	64.00
Jul	64.50	64.00	0	0

ORANGE JUICE 15,000 lbs; cents/lbs

	Close	Previous	High/Low	
Mar	142.85	140.80	143.00	142.10
May	144.35	141.60	144.50	143.00
Jul	144.20	141.05	144.40	142.90
Sep	143.20	140.25	143.20	141.90
Nov	139.85	138.65	139.90	139.00
Jan	137.40	135.85	137.40	136.00
Mar	137.30	135.70	137.30	138.00
May	137.25	135.70	0	0

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
Mar	757/0	763/4	774/0	754/0
May	769/0	776/4	788/0	768/4
Jul	778/0	785/0	797/0	776/0
Aug	771/0	782/0	790/4	770/4
Sep	753/0	758/0	765/4	752/0
Nov	740/2	745/4	751/0	739/0
Jan	746/4	752/6	756/0	744/4
Mar	753/0	760/0	764/0	752/0

SOYABEAN OIL 60,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	22.93	23.00	23.25	22.80
May	23.33	23.46	23.76	23.25
Jul	23.96	24.04	24.35	23.85
Aug	24.15	24.22	24.50	24.10
Sep	24.45	24.50	24.70	24.30
Oct	24.51	24.59	24.73	24.45
Dec	24.75	24.80	25.00	24.60
Jan	24.75	24.77	24.76	24.75

SOYABEAN MEAL 100 tons; $/ton

	Close	Previous	High/Low	
Mar	238.9	241.4	244.3	238.5
May	237.2	240.2	242.7	236.6
Jul	236.7	238.2	241.0	236.0
Aug	233.7	236.0	239.0	233.5
Sep	230.0	233.2	234.5	230.0
Oct	224.7	227.0	228.0	224.5
Dec	223.5	226.1	227.1	223.0
Jan	223.0	225.2	226.0	223.0

MAIZE 5,000 bu min; cents/56lb bushel

	Close	Previous	High/Low	
Mar	275/4	277/6	280/0	275/2
May	279/4	281/6	284/2	279/0
Jul	283/0	285/0	287/4	282/4
Sep	276/2	277/2	279/6	276/2
Dec	273/6	274/4	276/0	273/4
Mar	280/4	281/2	281/6	279/6
May	282/4	283/2	284/0	282/0

WHEAT 5,000 bu min; cents/60lb-bushel

	Close	Previous	High/Low	
Mar	436/0	435/6	438/6	433/4
May	436/6	435/4	439/4	433/0
Jul	416/0	412/4	418/4	411/4
Sep	423/4	419/4	424/4	419/0
Dec	434/0	430/4	434/6	429/4
Mar	436/6	434/2	437/0	435/0

LIVE CATTLE 40,000 lbs; cents/lbs

	Close	Previous	High/Low	
Apr	78.05	77.07	78.22	77.05
Jun	74.67	73.95	75.00	74.00
Aug	72.27	71.87	72.47	71.85
Sep	72.25	71.25	72.25	72.25
Oct	71.45	71.17	71.70	71.20
Dec	72.70	72.40	72.72	72.35
Feb	72.70	72.40	72.70	72.50

LIVE HOGS 30,000 lb; cents/lbs

	Close	Previous	High/Low	
Apr	43.65	43.72	43.92	43.37
Jun	48.50	48.40	48.80	48.20
Jul	48.75	48.55	48.85	48.30
Aug	47.62	47.50	47.70	47.35
Oct	44.45	44.15	44.60	44.15
Dec	45.72	45.92	45.95	45.40
Feb	45.67	45.55	45.80	45.60
Apr	44.80	44.35	44.80	44.47

PORK BELLIES 40,000 lbs; cents/lb

	Close	Previous	High/Low	
Mar	38.45	38.20	38.80	37.40
May	38.37	38.20	39.05	37.45
Jul	38.32	38.40	39.05	37.85
Aug	37.55	37.40	38.10	37.08
Feb	51.70	51.10	51.80	51.15
Mar	51.00	50.82	51.00	50.75
May	52.00	52.00	0	0

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Intervention fears check dollar

THE DOLLAR moved firmer after a larger than expected rise in US employment data, but failed to make a convincing break through key resistance at DM1.8640. A rise of 289,000 in non-farm payroll employment in February was above the 250,000 market median forecast. At the same time, the unemployment rate fell to 5.1 per cent, its lowest level for 15 years and down from 5.4 per cent in January. Furthermore, the expected downward revision in the January figure failed to materialise.

Investors see the figures as providing further evidence of a buoyant economy, and this could put further upward pressure on US interest rates. Euro-dollar deposit rates were marked up on the figures; the three-month rate finished at 10¼ per cent from 10⅛ per cent

The dollar touched a best level of DM1.8665 soon after the announcement, but at this level investors became increasingly uneasy about the threat of central bank intervention. There were no obvious signs of official dollar sales, but once again, the threat was sufficient to encourage many traders to square off positions ahead of the weekend and await the release of further economic data next week which will include trade figures for January, due on Wednesday.

The US unit closed at DM1.8625 from DM1.8615 and Y129.45 compared with Y129.00. Elsewhere, it finished at SFr1.5920 from SFr1.5890 and FFr6.3175 against FFr6.3150. On Bank of England figures, the dollar's exchange rate index rose from 67.6 to 67.8.

Sterling failed to hold above $1.7200, but there was no intervention by the Bank of England. The softer tone was primarily a reflection of the dollar's strength, and elsewhere sterling showed little overall change from the closing levels on Thursday.

While the pound's exchange rate index slipped from an opening level of 96.1 to finish at 95.8, the close was barely changed from Thursday's final calculation of 95.9.

The pound closed at $1.7155 down from $1.7180 and DM3.1950 compared with DM3.1975. However, it moved up in yen terms to Y222.00 from Y221.75. Elsewhere, it was unchanged against the Swiss franc at SFr2.7300 but slipped against the French franc to FFr10.8375 from FFr10.8500.

The D-Mark held steady against the French franc, closing at FFr3.3920 from FFr3.3925 on Thursday. The Franc lost ground to the stronger dollar but was barely changed elsewhere, showing little follow-through reaction to the announcement on Thursday that exchange controls are to be removed for French companies.

£ IN NEW YORK

Mar.10	Latest	Previous Close
£ Spot	1.7160-1.7170	1.7225-1.7230
1 month	0.48-0.47pm	0.42-0.40pm
3 months	1.39-1.36pm	1.17-1.15pm
12 months	3.72-3.65pm	3.23-3.13pm

Forward premiums and discounts apply to the US dollar

POUND SPOT- FORWARD AGAINST THE POUND

Mar.10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.7135-1.7260	1.7150-1.7160	0.42-0.39cpm	2.83	1.16-1.12pm	2.66
Canada	2.0510-2.0650	2.0565-2.0575	0.24-0.13cpm	1.08	0.46-0.30pm	0.74
Netherlands	3.60-3.61½	3.60-3.61	1¾-1⅝cpm	6.03	5¼-5⅛pm	5.76
Belgium	66.85-67.25	66.95-67.05	29-23cpm	4.66	81-72pm	4.57
Denmark	12.45-12.50	12.45-12.46	5¼-4⅝orepm	4.76	14¼-13⅝pm	4.48
Ireland	1.1960-1.2005	1.1965-1.1975	0.53-0.48ppm	5.06	1.48-1.38pm	4.78
W. Germany	3.19¼-3.20¼	3.19¼-3.19¾	1⅞-1¾pfpm	6.57	5-4⅞pm	6.18
Portugal	262.40-264.15	262.90-263.90	30-parcpm	0.68	80-2pm	0.62
Spain	198.75-200.05	198.80-199.10	30-15cpm	1.36	35-15pm	1.51
Italy	2342¾-2354	2344½-2345½	2-par lirepm	0.51	3-1pm	0.34
Norway	11.62½-11.67¼	11.62½-11.63½	1⅞-1½orepm	1.68	5⅛-4¼pm	1.74
France	10.83-10.87¾	10.83¼-10.84¼	3¼-3½cpm	4.01	10¼-9¼pm	3.67
Sweden	10.92¼-10.96½	10.92¼-10.93¼	1⅝-1¼orepm	1.58	4⅝-4¼pm	1.60
Japan	221½-222½	221½-222½	1⅝-1½ypm	8.45	4½-4⅜pm	8.00
Austria	22.46-22.56	22.46-22.49	12¼-11¼gropm	6.27	35½-32½pm	6.06
Switzerland	2.72½-2.73¾	2.72½-2.73½	1⅝-1½cpm	6.87	4¼-4⅛pm	3.94

Belgian rate is convertible francs. Financial franc 67.20-67.30. Six-month forward dollar 2.40-1.99cpm 12 months 3.15-3.05pm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

Mar.10	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.7135-1.7260	1.7150-1.7160	0.42-0.39cpm	2.83	1.16-1.12pm	2.66
Ireland†	1.4310-1.4385	1.4325-1.4335	0.33-0.38cdis	-2.97	0.98-1.00dis	-2.65
Canada	1.1955-1.1995	1.1970-1.1980	0.16-0.20cdis	-1.80	0.55-0.61dis	-1.94
Netherlands	2.0945-2.1055	2.1010-2.1020	0.59-0.56cpm	3.28	1.66-1.62pm	3.12
Belgium	38.85-39.10	39.00-39.10	7.00-5.50cpm	1.92	19.50-16.50pm	1.84
Denmark	7.23¾-7.27½	7.25¾-7.26¼	1.40-1.00orepm	1.98	3.40-3.10pm	1.79
W. Germany	1.8555-1.8665	1.8620-1.8630	0.60-0.58pfpm	3.80	1.64-1.61pm	3.49
Portugal	153-153¾	153¼-153½	20-40cdis	-2.34	60-100dis	-2.08
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

FORWARD RATES AGAINST STERLING

	Spot	1 mth	3 mths	6 mths	12 mths
US Dollar	1.7155	1.7115	1.7041	1.6954	1.6845
D-mark	3.1950	3.1772	3.1456	3.1030	3.0329
French Fr.	10.838	10.800	10.737	10.656	10.535
Swiss Fr.	2.7300	2.7138	2.6828	2.6406	2.5695
Yen	222.00	220.48	217.58	213.40	206.96

MONEY MARKETS

UK rates firmer

UK INTEREST rates edged up slightly in London yesterday as sterling retreated from its early highs. The key three-month interbank rate rose to 13⅛-12⅞ per cent from 13-12⅞ per cent on Thursday while the one-year rate moved up to 12⅞-12¾ per cent from 12¾-12⅝ per cent.

However, trading conditions were relatively relaxed for much of the day since most investors are content to remain on the sidelines and wait for the UK Budget on Tuesday.

The Bank of England forecast a shortage of around £600m. Factors affecting the market included bills maturing in official hands and a take up of Treasury bills, together with repayment of late assistance draining £633m. There was also a rise in the note circulation of £410m. These were partly offset by Exchequer transactions which added £445m, and banks' balances brought forward £15m above target.

The Bank gave assistance in the morning of £360m through outright purchases of eligible bank bills in band 1 at 12⅞ per cent. Further help of £200m was given in the afternoon on a revised shortage of £550m. The afternoon assistance was made up of £150m of eligible bill purchases in band 1 and £50m in band 2 at 12⅞ per cent. Total help came to £560m.

THREE MONTH EURODOLLAR

$1m points of 100%

	Close	High	Low	Prev.
Mar	89.72	89.87	89.72	89.86
Jun	89.35	89.57	89.35	89.57
Sep	89.42	89.64	89.44	89.62
Dec	89.52	89.73	89.55	89.71

Est. Vol. (inc. figs. not shown) 16844 (8844)
Previous day's open int. 61319 (61730)

6% NOTIONAL GERMAN GOVT. BOND

DM 250,000 100ths of 100%

	Close	High	Low	Prev.
Jun	93.04	93.45	93.03	93.32
Sep	92.52	92.92	92.61	92.82
Dec	92.20			92.50

Estimated Volume 19285 (14049)
Previous day's open int. 27650 (26397)

FT GUIDE TO WORLD CURRENCIES
Every Tuesday in the FT

LONDON TRADED OPTIONS

DIXONS, the stores group with high street electricals interests forming the main part of its business, far outshadowed all other stocks in dealings on the London Traded Options Market yesterday.

Dealings in it came to 3,029 contracts, consisting of 2,693 calls and only 336 puts, as talk of takeover moves on the stock ran through the City. A shortage of stock was seen on the underlying market, reflecting on options trading.

There has been a build-up of dealings in the option on the stock for some days.

Yesterday, however, it seemed that the underlying market was governing options trading. There were no less than 22m shares traded in the underlying equity, more than 5 per cent of the number in issue.

The most heavily traded series in the stock option was the March 180 call, which attracted 1,033 contracts, although this brought only a modest expansion in open interest, of 136 contracts to 2,237.

The underlying equity price was up 14p on the day to 168p. There was also good business in the March 160 calls — of 585 contracts, mostly opening — and in the June 160 — in which dealings came to 530 contracts, about half of which represented opening of interest.

There was, Dixons apart, only one striking feature — the continued depression in the amount of dealings in the option on the FT-SE 100 Index.

The approach of Tuesday's UK Budget is apparently causing traders to hold their horses. Sterling has done little and the dollar has been quiescent, as have international interest rates.

Trading in the index came to no more than 3,328 contracts, consisting of 1,086 calls and 2,242 puts — the most notable factor being that put trading made a rare run ahead of call.

Sears attracted 1,561 contracts, of which 1,469 were call and only 92 put. GEC, which has been connected in City talk with GE of the US, had business of 1,719 contracts, including 1,413 calls.

Hanson calls totalled 1,288 and puts only 30 — with a strong buyer seen in the March 160 calls, as the underlying share price gained 2p to 182p.

LEGAL NOTICE

No. 00815 of 1989
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER of NESCO INVESTMENTS PUBLIC LIMITED COMPANY

and

IN THE MATTER of THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 8th February 1989 presented to Her Majesty's High Court of Justice for the confirmation of the cancellation of the Share Premium Account of the above-named Company

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr. Justice Millett at the Royal Courts of Justice, Strand, London WC2A 2LL on Monday the 20th day of March 1989

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said cancellation of Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the under-mentioned Solicitors on payment of the regulated charge for the same

DATED this 11th day of March 1989

Cameron Markby, (ref CL)
Sceptre Court,
40 Tower Hill,
London EC3N 4BB.

Solicitors to the above-named Company

No. 00906 of 1989
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION
IN THE MATTER OF
HEPWORTH PLC
- and -
IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 13th February 1989 presented to Her Majesty's High Court of Justice for the confirmation of the cancellation of the Share Premium Account of the above-named Company.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Millett at the Royal Courts of Justice Strand London WC2A 2LL on Monday the 20th day of March 1989.

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said cancellation of Share Premium Account should appear at the time of hearing in person or by Counsel for that purpose.

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same.

DATED this 7th day of March 1989

Slaughter and MAy,
35 Basinghall Street,
London EC2V 5DB.

Solicitors for the said Company

No. 00873 of 1989
IN THE HIGH COURT OF JUSTICE
CHANCERY DIVISION

IN THE MATTER OF
ASDA GROUP PLC

IN THE MATTER OF
THE COMPANIES ACT 1985

NOTICE IS HEREBY GIVEN that a Petition was on the 16th February 1989 presented to Her Majesty's High Court of Justice for the confirmation of the reduction of the capital of the above-named Company from £376,911,980 to £375,000,000 by returning capital which is in excess of the wants of the Company.

AND NOTICE IS FURTHER GIVEN that the said Petition is directed to be heard before the Honourable Mr Justice Millett at the Royal Courts of Justice Strand London WC2A 2LL on Monday the 20th day of March 1989

ANY Creditor or Shareholder of the said Company desiring to oppose the making of an Order for the confirmation of the said reduction of capital should appear at the same time of hearing in person or by Counsel for that purpose

A copy of the said Petition will be furnished to any such person requiring the same by the undermentioned Solicitors on payment of the regulated charge for the same

DATED this 7th day of March 1989

Slaughter and May
35 Basinghall Street,
London EC2V 5DB

Solicitors for the said Company

PERSONAL

GRANVILLE
SPONSORED SECURITIES

High	Low	Company	Price	Change	Gross div (p)	Yield %	P/E
315	185	Ass. Brit. Ind. Ordinary	315xd	+3	10.3	3.3	8.5
308	186	Ass. Brit. Ind. Cnls	308	0	10.0	3.2	-
42	25	Armitage and Rhodes	36	0	-	-	-
57	29	BBB Design group (USM)	31	0	2.1	6.6	4.9
173	150	Bardon Group (SE)	156	+1	2.7	1.7	26.7
117	100	Bardon Group Cv. Pref. (SE)	108	+2	6.7	6.2	-
148	103	Bray Technologies	120	0	5.2	4.3	7.9
114	100	Bremhill Conv. Pref	107	0	11.0	10.3	-
300	246	CCL Group Ordinary	298	0	12.3	4.1	4.5
175	124	CCL Group 11% Conv.Pref	175xd	0	14.7	8.4	
161	129	Carbo Plc (SE)	161	0	6.1	3.8	14.0
113	100	Carbo 7.5% Pref (SE)	110	0	10.3	9.4	
385	147	George Blair	385xd	0	12.0	3.1	8.5
121	60	Isis Group	121xd	0			15.9
140	87	Jackson Group (SE)	139	0	3.3	2.4	15.4
305	245	Multihouse NV (AmstSE)	300	0	-	-	-
119	40	Robert Jenkins	100	0	7.5	7.5	3.8
430	124	Scruttons	410	0	8.0	2.0	37.3
280	194	Torday & Carlisle	275	0	7.7	2.8	13.3
280	100	Torday & Carlisle Conv Pref	107	0	10.7	10.0	-
105	56	Trevian Holdings (USM)	105	0	2.7	2.6	11.3
113	100	Unistrut Europe Conv Pref	110	0	8.0	7.3	
382	350	Veterinary Drug Co. Plc	382	0	22.0	5.8	9.4
370	203	W.S Yeates	342	-3	16.2	4.7	65.8

Securities designated (SE) and (USM) are dealt in subject to the rules and regulations of The Stock Exchange. Other securities listed above are dealt in subject to the rules of TSA

These Securities are dealt in strictly on a matched bargain basis. Neither Granville & Co Limited nor Granville Davies Limited are market makers in these securities

WORLD STOCK MARKETS

NEW YORK (3 pm)

March 10	US$	+ or −	March 10	US$	+ or −	March 10	US$	+ or −
Comp Science	50¾	−1⅛	INCO	31⅝	−⅛	Paccar	46	
ConAgra	32¼	+⅛	Ingersoll Rand	38⅝	+½	Pac Enterprises	40¾	
Cons Edison	44¾	−⅛	Inland Steel	44	—	Pac Gas & Elect	17⅝	
Cons Freight	29¾	−½	Intel	26	−⅜	Pacificorp	33½	
Con Nat Gas	37⅝	−⅜	Interco	3¼	−⅜	Pacific Telecom	20⅞	+⅛
Cons. Paper	35	−⅛	Intergraph Corp	18⅜	−⅛	Pacific Telesis	34½	−⅛
Cons. Rail	35⅝	−½	Interlake	43	−⅛	PaineWebber	18¾	+⅛
Cont'l Bank Corp	19¼	+⅛	IBM	117⅞	−1⅛	Pall	28¼	−⅛
Cont'l Corp	32¼	−⅛	Intl Flavours	51	−⅛	Pan Am Corp.	4½	—
Cont'l Ill. Hldgs	⅛	—	Intl Income Pro	13¾	—	Panhandle Eastern	21½	−⅛
Cont Tel Corp	49¾	—	Intl Min & Chem	40	+⅛	Parker Drilling	5¼	−⅛
Control Data	21½	−⅛	Intl MultiFoods	28¾	+⅛	Parker Hannifin	28¼	−⅛
Cooper Inds	55¼	−½	Intl. Paper	46⅝	−⅜	Penn Central	23½	−⅛
Coors Adolph	18⅛	—	InterTAN	47⅜	−½	Penney (J.C.)	53¼	−⅛

March 10	US$	+ or −	March 10	Can. $	+ or −
TRINOVA Corp	28⅝	−⅛	Southam	32	+⅛
Triton Energy	13⅝	—	Stelco	23⅞	−⅛
Tyco Labs.	36⅞	+⅛	Teck B	19⅝	+⅛
Tyler	6⅝	−⅛	Texaco Canada	40½	−⅛
Tyson Foods	15⅛	—	Thomson New	26⅛	—
			Toronto Dom Bk	39½	−⅛
			Transalta	13⅝	−⅛
			Trans Can. Pipe	14.75	−0.12
UAL	119⅝	−⅛	Varity Corp	3.35	−0.10
UST Inc.	22¼	−⅛	Westcoast Energy	16⅞	—
USX Corp	31¼	−⅛	Weston (Geo)	38	−½

AUSTRIA

March 10	Sch	+ or −
Creditanstalt	2,120	−10
Goesser	3,510	+10
Interunfall	14,880	—
Jungbunzlauer	10,570	+70
Laenderbank	365	−2
Perlmooser	710	−5
Reininghaus	1,200	—
Semperit	193	−1
Steyr-Daimler	79	−1
Veitscher Mag	722	−3

BELGIUM/LUXEMBOURG

March 10	Frs.	+ or −
B.B.L	3,400	+40
Bank Intl. a Lux	14,500	—
Banque Gen. Du Lux	14,400	—
Banque Nat Belg	36,950	−50
Bekaert B	15,250	−100
Ciment CBR	6,390	—
Cobepa	5,540	−100
Do. AFV 1	5,550	−60
Do. AFV 2	5,550	—
Cockerill	365	−6
Colruyt	13,500	—
Delhaize	5,260	−20
EBES	4,705	+25
Do. AFV 1	4,680	+75
Do. AFV 2	4,600	—
Fabrique Nat	634	+4
GB Inno BM	1,322	−18
Do. AFV	1,338	−16
GBL (BruxL)	4,215	—
Do. AFV 1	4,200	+60
Do. AFV 2	4,200	+50
Do. AFV 3	4,200	+30
Gechem	778	—
Do. AFV	730	—
Generale Bank	6,260	−40
Do. AFV 1	6,360	+40
Do. AFV 2	6,600	—
Gevaert	8,530	+50
Hoboken	15,700	−100
Do. AFV	15,600	−100
Intercom	3,750	+20
Do. AFV 1	3,655	−35
Do. AFV 2	3,650	−40
Kredietbank	4,680	−25
Do. AFV	4,750	+65
Pan Holdings	13,850	—
Petrofina	13,000	−75
Raffinerie Tirle	1,745	—

FRANCE (continued)

March 10	Frs.	+ or −
Arjomari-Prioux	2,545	−20
Auxiliaire d'Ent	890	−10
BIC	750	−15
BSN	649	−4
Bancaire Cie	510 xr	+3
BNP (Cert.Inv.)	316	−8
Beghin-Say	648	−12
Do. Certs	400	+5
Bongrain	3,045	−55
Bouygues	580	—
Carnaud	615	+3
Carrefour	3,233	+3
Casino	205	−1
Cetelem	695	+8
Chargeurs	1,352	−29
Ciments Fr.	1,356	−7
Club Mediterranee	510	−2
Cofimeg	339	−0
Cogifi	355	—
CGE	382	−2
Coparex	340	—
Cred Foncier Fr	877	−7
Credit National	1,022	+22
Damart	3,095	+75
Docks de France	3,381	−13
Dollfus-Mieg	480	—
Dumez S.A.	840	+10
Eaux (Cie Gen)	1,579	−14
Ecco	1,795	+15
Electrofin're	900	−1
Elf-Aquitaine	438	−3
Do. Certs	345	−3
Epeda-Bertrand	1,161	−27
Essilor	3,400	+59
Eternit (Fin.)	2,730	+20
Eurafrance	1,610	+8
Eurocom	1,335	+10
Euromarche	2,340	−20
Exor	1,285	−1
Finextel	208	−2
Fonciere Lyonn	521	−14
Fromageries	1,620	−5
GTM-Entrepose	1,179	−11
Gaumont (Soc N)	587	−2
Gen Geophysique	545	−15
Gen. Occidentale	829	−17
Hachette	323	—
Havas	737	−18
Imetal	362	−6.3
Immeubles de Fr	1,030	+5
Immeubles Pl Mon	415	−6
Immobanque	707	+1

AUSTRALIA (continued)

March 10	Aust.$	+ or −
Placer Pacific	2.29	—
Poseidon	2.50	—
Renison Gldflds	7.66	+0.06
Rothmans Aust.	9.40	—
SA Brewing	2.67	+0.02
Santos	3.60	+0.04
Smith (H.)	3.65	—
Sons of Gwalia	5.40	—
Thos Nationwide	3.14	−0.01
Tooth	7.66	—
Tubemakers Aust.	2.60	+0.05
Vamgas	2.50	—
Western Mining	5.10	−0.02
Westfield Hldg	2.40	—
Weston (G)	4.70	—
Westpac	5.32	−0.02
Woodside Petrol	2.23	+0.03
Wormald Intl	1.70	−0.02

HONG KONG

March 10	H.K.$	+ or −
Amoy Props.	3.77	+0.02
Bank East Asia	16.70 xc	−0.6
Cathy Pacific	9.30	−0.05
Cheung Kong	10.00	−0.1
China Light	14.00	−0.1
China Motor	28.10	+0.5
Cross H'bour Tnl	15.70	+0.1
Dao Heng Hldgs	1.40	—
Evergo	3.35	−0.05
Hang Lung	6.25	—
Hang Seng Bank	32.00	−0.25
Harbour Centre	9.45	+0.1
Henderson Inv.	1.93	−0.02
Henderson Land	6.95	—
HK Aircraft	17.80	+0.6
HK China	19.20	+0.3
HK Electric	7.45	−0.05
HK Land	11.20	—
HK Realty & Tr A	5.55	−0.05
HK Shanghai Bank	7.30	−0.1
HK Shanghai Hotels	6.20	—
HK Telecomms.	5.45	−0.05
HK TV-B	1.30	—
Hopewell Hldgs	3.97	−0.1
Hutchison Wpa	10.30	—
Hysan Dev	1.53	−0.01
Indust Equity P	11.30	—

INDICES

NEW YORK DOW JONES

	Mar 9	Mar 8	Mar 7	Mar 6	1988/89 High	1988/89 Low	Since compilation High	Since compilation Low
♦Industrials	2291.43	2295.54	2290.71	2294.82	2347.14 (7/2/89)	1879.14 (20/1/88)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	88.15	88.26	88.28	88.24	91.25 (3/3/88)	86.12 (4/1/88)	—	—
Transport	1066.14	1059.18	1059.67	1068.24	1087.97 (7/2/89)	737.57 (21/1/88)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	182.91	183.20	183.14	183.97	191.15 (24/1/89)	167.26 (20/4/88)	227.83 (22/1/87)	10.50 (8/4/32)

♦Day's High 2306.61 (2316.79) Low 2282.86 (2280.00)

STANDARD AND POOR'S	Mar 9	Mar 8	Mar 7	Mar 6	1988/89 High	1988/89 Low	Since compilation High	Since compilation Low
Composite ‡	293.93	294.08	293.87	294.81	299.63 (7/2/89)	242.63 (20/1/88)	336.77 (25/8/87)	4.40 (1/6/32)
Industrial	339.43	339.81	339.55	340.39	346.41 (7/2/89)	277.86 (20/1/88)	393.17 (25/8/87)	3.62 (21/6/32)
Financial	26.79	26.70	26.65	26.80	27.24 (7/2/89)	21.51 (8/1/88)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	165.36	165.45	165.28	165.63	168.02 (7/2/89)	136.72 (20/1/88)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. Value	329.36	329.15	328.83	327.99	329.36 (9/3/89)	262.76 (12/1/88)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp	405.67	406.40	406.18	406.26	409.19 (7/2/89)	331.97 (12/1/88)	455.28 (26/8/87)	54.87 (31/10/72)

	Mar 3	Feb 24	Feb 10	year ago (approx.)
Dow Industrial Div. Yield	3.70	3.75	3.63	3.38

	Mar 8	Mar 1	Feb 22	year ago (approx.)
S & P Industrial div. yield	3.16	3.23	3.18	2.93
S & P Indl. P/E ratio	13.04	12.68	13.48	15.41

TRADING ACTIVITY † Volume

Millions	Mar 9	Mar 8	Mar 7
New York	143.160	167.620	172.500
Amex	13.260	13.394	15.268
OTC	142.062	150.138	136.930

NEW YORK	Mar 9	Mar 8	Mar 7
Issues Traded	1,956	1,945	1,938
Rises	686	766	693
Falls	744	621	736
Unchanged	526	558	509
New Highs	56	87	104
New Lows	20	13	12

CANADA

TORONTO	Mar 9	Mar 8	Mar 7	Mar 6	1988/89 High	1988/89 Low
Metals & Minerals	3485.2	3501.2	3485.0	3462.8	3564.9 (6/2/89)	2238.7 (8/2/88)
Composite	3638.0	3632.5	3620.9	3612.0	3696.1 (8/2/89)	2977.9 (8/2/88)
MONTREAL Portfolio	1805.30	1806.25	1793.00	1791.42	1850.44 (8/2/89)	1305.06 (27/1/88)

NEW YORK ACTIVE STOCKS

Thursday	Stocks traded	Closing price	Change on day		Stocks traded	Closing price	Change on day
Upjohn	4,806,100	29⅜	− 2⅛	Warner Comms	1,439,400	47	− ⅛
Enthart	2,631,000	42⅜	+ ⅛	IBM	1,411,900	118⅝	− 1
Navistar	1,934,500	6¼	—	Detroit Edison	1,392,400	18¼	+ ⅛
American Express	1,700,700	30⅜	+ ⅛	Sears Roebuck	1,372,800	42¼	+ ⅛
AT&T	1,582,000	30½	—	General Electric	1,321,800	45½	+ ⅛

Base values of all indices are 100 except NYSE All Common — 50; Standard and Poor's — 10; and Toronto Composite and Metals — 1000. Toronto indices based 1975 and Montreal Portfolio 4/1/83. † Excluding bonds. ‡ Industrial, plus Utilities, Financial and Transportation. (c) Closed. (u) Unavailable.

	Mar. 10	Mar. 9	Mar. 8	Mar. 7	1988/89 High	1988/89 Low
AUSTRALIA						
All Ordinaries (1/1/80)	1488.8	1486.5	1491.7	1507.6	1657.8 (9/8/88)	1170.7 (10/2/88)
All Mining (1/1/80)	693.2	693.9	695.2	699.9	847.8 (9/8/88)	532.4 (10/2/88)
AUSTRIA						
Credit Aktien (30/12/84)	255.01	255.18	254.57	(u)	255.18 (9/3/89)	163.98 (11/2/88)
BELGIUM						
Brussels SE (1/1/84)	5689.1	5708.96	5736.07	5745.68	5834.01 (10/2/89)	3608.35 (4/1/88)
DENMARK						
Copenhagen SE (3/1/83)	283.24	282.93	284.10	286.21	291.83 (10/2/89)	180.68 (4/1/88)
FINLAND						
Unitas General (1975)	786.3	784.0	782.7	784.1	786.3 (10/3/89)	530.6 (15/1/88)
FRANCE						
CAC General (31/12/82)	439.4	439.0	439.7	444.8	457.1 (3/2/89)	251.3 (29/1/88)
Ind. Tendance (30/12/88)	102.8	102.9	102.4	103.6	108.1 (3/2/89)	97.5 (27/2/89)
GERMANY						
FAZ Aktien (31/12/58)	555.83	554.02	553.24	559.64	569.27 (8/2/89)	396.48 (29/1/88)
Commerzbank (1/12/53)	1654.7	1649.1	1647.2	1666.5	1705.6 (5/1/89)	1207.9 (29/1/88)
DAX (30/12/87)	1318.51	1319.42	1317.77	1324.06	1371.10 (5/1/89)	931.18 (28/1/88)
HONG KONG						
Hang Seng Bank (31/7/64)	3046.81	3062.79	3058.65	3080.68	3209.96 (9/2/89)	2223.56 (8/2/88)
ITALY						
Banca Com. Ital. (1972)	582.51	580.28	581.13	584.70	615.89 (17/1/89)	423.91 (9/2/88)
JAPAN						
Nikkei (16/5/49)	31701.78	31656.45	31837.66	31937.9	32452.49 (23/2/89)	21217.04 (4/1/88)
Tokyo SE (Topix) (4/1/68)	2408.24	2403.61	2421.78	2427.10	2490.07 (8/2/89)	1690.44 (4/1/88)
NETHERLANDS						
CBS Tnl.Rtn.Gen.(End 1983)	223.4	223.7	223.3	224.6	224.6† (7/3/89)	208.3† (3/1/89)
CBS All Shr (End 1983)	178.7	178.9	178.7	179.6	179.6† (7/3/89)	166.7† (1/3/89)
NORWAY						
Oslo SE (4/1/83)	585.34	587.75	585.04	590.14	590.14 (7/3/89)	327.78 (28/1/88)
SINGAPORE						
Straits Times Ind. (30/12/66)	1154.86	1150.76	1136.96	1132.40	1177.87 (8/8/88)	833.60 (4/1/88)
SOUTH AFRICA						
JSE Gold (28/9/78)	1591.0‡	1599.0	1534.0	1462.0	1591.0 (10/3/89)	1134.0 (4/5/88)
JSE Industrial (28/9/78)	2339.0‡	2337.0	2342.0	2303.0	2342.0 (8/3/89)	1387.0 (12/2/88)
SPAIN						
Madrid SE (30/12/85)	276.16	274.32	273.28	272.32	301.63 (15/6/88)	225.50 (4/1/88)
SWEDEN						
Jacobson & P. (31/12/56)	3825.50	3822.96	3814.40	3814.80	3825.50 (10/3/89)	2148.5 (4/1/88)
SWITZERLAND						
Swiss Bank Ind. (31/12/58)	648.0	647.9	645.5	646.5	652.1 (22/2/89)	466.6 (13/1/88)
WORLD						
M.S. Capital Intl. (1/1/70)	(u)	503.1	506.2	506.6	519.0 (19/2/89)	401.0 (21/1/88)

‡ Subject to official recalculation. † 1989 High & Low.

Base values of all indices are 100 except Brussels SE and DAX — 1,000 JSE Gold — 255.7 JSE Industrials — 264.3 and Australia. All Ordinary and Mining — 500; (c) Closed. (u) Unavailable.

WORLD STOCK MARKETS

AMERICA

Confusion about payroll sends Dow into decline

Wall Street

ANOTHER surge in US employment growth and an even greater decline in the nation's jobless rate sent bond and stock prices into retreat on Wall Street, *writes Anatole Kaletsky in New York.*

However, equity investors took the news of February's faster than expected jobs growth more calmly than their colleagues in the bond market. While bond prices fell sharply at the opening and failed to recoup their losses throughout the morning's trading, the stock market had recovered some of its poise by mid-morning after initial losses of almost 20 points on the Dow Jones Industrial Average. By 2 pm, the Dow was down 14.11 at 2,277.32.

Trading was moderate with about 95m shares changing hands on the New York Stock Exchange. Declining stocks outnumbered gains by almost two to one.

The bond market was hit harder by the eagerly awaited labour market statistics, which showed that payroll employment grew by 289,000 in the month, while the civilian unemployment rate dropped to 5.1 per cent from 5.4 per cent in January. The Treasury's benchmark long bond fell by over half a point immediately after the announcement. The losses widened gradually through the morning, although the strength of the dollar on the foreign exchanges provided some support.

The consensus forecast for the employment figrues was for payroll growth of 250,000 to 260,000 and for an unemployment rate of 5.3 per cent. There had also been some hopes that the January employment figrues would be revised downwards. Instead the revision was from a gain of 408,000 to 415,000. Other analysts noted that the unemployment rate particularly is a very erratic statistic and that most of the sharp fall in joblessness was due to an unexpected decline in the estimated size of the US labour force.

Trading in the stock market remained subdued not only because of the confusion over the true relevance of the employment figures, but also because of the absence of any major corporate news.

Most blue chips did poorly. The biggest trading was in IBM, which lost $⅝ to $118, American Express which fell $⅛ to $30¼ and General Electric, down $½ at $45.

Another significant loser were Texas Air, which fell $⅝ to $13¼, as the market had second thoughts about Thursday's bankrutpcy filing by Eastern Airlines. Upjohn fell $⅝ to $29¼ in very active trading as investors adjusted positions after several signficant drug announcements.

Among the day's most important gains were Warner Communications, up $1¼ to $48⅝, and Time, which rose $3⅝ to $115⅞. Both stocks were responding to speculation that outside bidders might emerge to break up the merger agreement they announced last weekend.

Tobacco stocks did well after a court judgment which seemed to limit the scope for certain kinds of product liability suits.

Canada

CONCERN about the US jobs figures led to a fall in Toronto, where the composite index had dropped 10.3 to 3,627.7 by midday.

Montreal Trustco moved higher for a second day, adding C$⅛ to C$23. BCE, which has made a takeover bid for the company, declined C$¼ to C$36⅝. Power Corp, which will tender its stake in Montreal Trustco, declined C$⅛ to C$15½.

EUROPE

Wait for US jobs figures keeps investors on hold

THE US jobs figures kept Europe waiting nervously for most of the day and caused a mild bout of jitters when they were published, *writes Our Markets Staff.*

FRANKFURT set off in more positive mood but concern about the local elections on Sunday returned to haunt the market and prices edged to a lower close as investors awaited the US employment figures. Shares weakened further after hours following the higher than expected US payroll numbers, but there was also some bargain-hunting.

The FAZ index at midsession was 2.59 higher at 555.83, but the DAX index closed 0.91 easier at 1,318.51. Volume remained low at DM2.59bn.

VW saw its ordinary shares at the top of the most active stocks list and its preference shares in third place. The ordinary shares rose DM3.60 to DM348.70 on further appreciation of the impact on earnings of VW's cost-cutting measures and high capacity utilisation. Buying interest was reported particularly from the UK.

Metallgesellschaft revised its final group net profits upwards but the share price ended DM1.80 lower at DM408 on profit-taking.

Utility Veba came out with higher profits in line with expectations and edged up 30 pfg to DM287.60 after a recent strong run. It weakened to DM285 in later London trading.

PARIS ended a quiet week on an extremely quiet note, with rumours at BSN spurring an early flurry but coming to nought. Volumes were very low and shares eased.

The wait for the US employment data was responsible for early malaise – in spite of rumours that BSN was to sell its Kronenbourg beer subsidiary to Anheuser-Busch of the US. Wall Street's negative reaction to the US jobs news once released, and worries about the possible effect on interest rates, pushed prices lower.

The CAC 40 index lost 9.75 to 1,602.38 and the OMF 50 index fell 2.76 to 452.33.

BSN rose FFr7 to FFr660 in active early trading, but later denied the rumours and finished FFr4 lower at FFr649.

Among the busier stocks was Eurotunnel – but down on recent sessions with only about 300,000 shares traded.

AMSTERDAM closed weaker after early gains, coming off in the wake of the US jobs data which sent Wall Street lower and the dollar higher and revived worries about inflation and interest rates. The CBS tendency index eased 0.3 to 167.2 in slack trade.

Amev dropped Fl 3.40 to Fl 52.50 as speculators unwound positions following its plan to merge with savings bank VSB. The move is seen as limiting prospects of a takeover of the Netherlands' third largest insurance company.

Electronics group Philips ended 20 cents higher at Fl 37. Its move on Thursday to strengthen its anti-takevoer defences had little impact on the share price and some analysts were surprised by the plan. County NatWest WoodMac described it as "close to neurosis" since ordinary shares in the holding company had no voting rights. "This is a quadruple check, presumably because there are some limited reforms of Dutch anti-takeover tricks under discussion."

Brewer Heineken rose Fl 1.20 to Fl 149 before its results on Tuesday, with suggestions of a possible bonus issue.

MILAN finished a nervous week slightly higher, with the Comit index up 2.23 at 582.51 in volume again estimated to be around a low L100bn. Investors were waiting for signs of progress on spending cuts from yesterday's cabinet meeting.

Banks remained the focus of attention, amid speculation about further rationalisation in the run-up to 1992. Nuovo Banco Ambrosiano rose L119 to L3,258, apparently on the perception that its merger with Banca Cattolica Veneto, up L60 at L5,510, would be good for business.

ZURICH had a quiet session with few leading stocks making their way into the lists of big gains or losses. The Crédit Suisse index edged up 0.1 to 555, as investors went on hold, awaiting the US jobs data.

Sulzer added SFr120 to a high for the day of SFr5,725 on news that the company planned either to sell its diesel engine operations or find a partner to co-operate.

MADRID put in a good finish to the week, with the general index rising 1.84 to 276.16, taking its climb for the week to a healthy 5.85 points.

Firmness in the banking sector, helped by news of the takeover by Deutsche Bank of Banco Transatlantico, pushed the market higher.

Cement stock Asland kept climbing, putting on 21 to 1,115 amid continuing rumours – the latest being that it might deconsolidate a cement plant and sell the shares it receives in return at a profit.

HELSINKI produced an all-time high, with the Unitas all share index rising 2.3 to 786.3. Forestry stock Kymmene free shares fell FM1 to FM139 amid news it proposed to raise its share capital with a bonus issue and rights issue.

STOCKHOLM was cheered again by the positive profits picture for Swedish companies.

SOUTH AFRICA

GOLD shares climbed further in active trading in Johannesburg, as the bullion price reached a six-week high before easing towards the close.

The Gold index surged 52 points to 1,591, while the Industrial index edged up 2 to 2,339. Gold stock Vaal Reefs rose R14.50 to R338.50.

Zurich springs forward from rear of pack

Foreign interest may have helped, but the race is not yet won, writes Will Dullforce

SWISS equities have risen more than 4 per cent since the beginning of January, advancing from the rear of the international pack, where they had lingered throughout 1988, to somewhere in the middle.

Among the larger European exchanges, Zurich is distinctly ahead of Frankfurt so far this year, although it has trailed London and Paris.

Some local brokers would like to believe that this improvement signals renewed investor focus on Swiss fundamentals, the long awaited recognition of the undervaluation of stocks and the revival of foreign interest.

The evidence is fragile, although something seems to be bubbling under the surface. Mr Michel Koch, head of Lombard, Odier's equities team, reports a fair volume of business from foreigners until 10 days ago and he believes that they were net buyers in January and February.

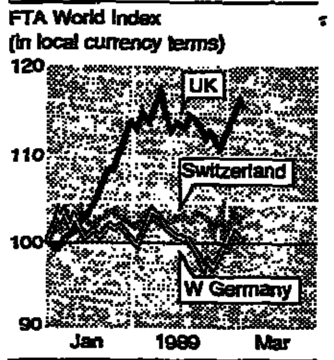
Other brokers have seen renewed foreign demand for bearer shares, while some say the interest is focused on the non-voting participation certificates, in the continued expectation that they could be converted into other types of shares on favourable terms.

However, there has been a lull this week; the solid 1988 profit increases and higher dividend payments currently being posted by Swiss companies have not yet been translated into serious buying.

Two factors seem to be inhibiting investors. In the short term, domestic investors

European indices

FTA World Index
(in local currency terms)



are belatedly worrying about the recent interest rate increases – in Switzerland as well as abroad – along with fears of overheating in the economy and a quickening of inflation.

The other factor concerns foreign investors who have had their fingers badly burnt twice by the peculiarities of the Swiss stock market. The first time was the crash of October 1987, when the non-voting stock held by foreigners was more severely punished than the registered stock, and the second was November last year, when Nestlé opened its registered shares to foreign ownership and its bearer shares tumbled 22 per cent in one day.

Many foreign investors are waiting for reforms, both at the exchanges and in Swiss corporate disclosure practices. Changes are being discussed animatedly and other managements, notably Crédit Suisse in the banking sector, appear to be ready to follow Nestlé's lead.

Reaction to the merger of Adia, the business services group, and Inspectorate, the services company, at the end of January demonstrated the persisting communications gap between the Swiss market and investors. Foreign shareholders again complained they had been given short shrift in the exchange of cross holdings between the two companies.

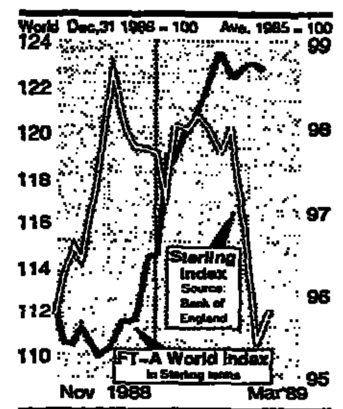
Poor information failed to bring out the potential long-term advantages for shareholders in the deal. Mr Werner Rey, who controls Inspectorate, has probably acquired a better top management team for his company, while the highly successful Adia retains both its management and independence.

Some potentially important changes have occurred since Nestlé's ground-breaking decision on November 17.

The large premiums – 100 per cent in some cases – at which companies' bearer shares traded to their registered stock have been drastically eroded. The lethargic performance of the general index has meanwhile overshadowed a strong movement by registered shares, whose index has climbed 23 per cent since November 17.

No company has yet followed Nestlé's example over the registered stock – one reason why foreign investors continue to adopt a wait-and-see attitude.

However, at least one Swiss broker is telling his clients



that, with the market bound eventually to be affected by the merger and acquisitions wave, registered shares with a nominal value of SFr100 ($63) and one vote should logically carry a premium over bearer shares with a par of SFr500 and one vote.

That is long-term speculation. In the more immediate term, Nestlé's decision has set alight the market for covered warrant options in blue-chip registered shares launched in 1987 by BZ Bank Zurich.

BZ Bank's Pharma basket of options on pharmaceutical stocks was trading on Thursday at SFr930, compared with a low of SFr61 in May last year. Its current market capitalisation is SFr94m and the value of the underlying stock SFr656m.

Six banks, including the Big Three, are now making markets in covered warrants, with Bank Vontobel closest to BZ Bank in market share. The total market capitalisation of the options yesterday was SFr1.1bn and the underlying value of the stocks SFr5bn.

The Basle stock exchange has started continuous trading in the warrant options. They are traded on a permament basis on the Geneva pre-bourse and Zurich is under pressure to follow suit.

A second potentially significant change for investors has been the reporting since January of daily trading volumes in 12 blue-chip stocks. This is a half-measure. Mr Koch of Lombard, Odier doubts the accuracy of the reporting, which he believes understates the volumes, but the move is a step towards greater market transparency.

Mainstream developments have been characterised by the continuing good performance of chemical and some engineering stocks. In contrast, banks have lagged the market – at least until their 1988 results were reported in the past two weeks.

Their improved earnings – not accompanied by dividend increases – and in particular Crédit Suisse's announcement that it was changing its corporate structure and introducing consolidated reporting, stimulated their share prices.

Although this initial upward price movement appeared to be halted at the beginning of this week, some brokers believe that a floor has been established for bank shares from which they can only climb. Given the weight of the banks in the market, this should in turn stimulate the general index.

ASIA PACIFIC

Confidence helps Nikkei end higher after wary start

Tokyo

THE SCHEDULED release of US unemployment figures for February kept investors wary yesterday, but confidence that the market outlook was brightening helped share prices finish moderately higher, *writes Michiyo Nakamoto in Tokyo.*

There was little news to give the market direction. The Nikkei average remained lower for most of the day, tracking the futures index. After climbing to a high of 31,704.11 and dipping to a low of 31,484.19, however, it closed up a moderate 45.33 at 31,701.78.

Advances led declines by 452 to 426 while 188 issues were unchanged. Turnover at 914.5m shares was slightly higher than the 847.4m traded on Thursday. The Topix index of all listed shares added 4.63 to 2,408.24 but the ISE/Nikkei 50 index of shares traded in London slipped 0.66 to 1,902.73.

Although the growing consensus is that there is no immediate need for a further tightening of monetary policy in the US or Europe, investors at the moment would rather not take risks. Institutional investors mainly stayed out of the market, with the settlement day of their accounts approaching.

However, faith in a good balance of demand and supply is expected to increase activity in the near future. Since 1986, buying has exceeded selling in the last week of March, according to Mr Shin Tokoi at County NatWest. April is likely to bring in more funds from quasi-public organisations, such as the Central Cooperative Bank for Agriculture and Forestry, which are being allowed either to invest in equities for the first time or to increase their exposure to the equity market.

Interest returned to large-capital steel and shipbuilding stocks. These sectors have been neglected recently; investors returned to them yesterday because of an improved environment, including a recovery in the bond market and a firmer yen.

Mitsui Engineering and Shipbuilding was the most active stock at 47.3m shares and gained Y22 to Y857. Kawasaki Heavy Industries, up Y22 at Y945, followed at 31.1m shares.

Mitsui Mining and Smelting, which advanced Y43 to Y945, was the third most actively traded at 29.7m shares. The company is attracting interest on reports that its profits will jump in the next reporting cycle and expectations that it will resume paying dividends.

Selling took a heavier toll in Osaka, where the OSE average dropped 99.80 to 29,899.92. Volume, however, recovered to 127m shares traded from 87m on Thursday.

Roundup

IT WAS a mixed day for Asia Pacific markets, with the imminent US jobs figures and an absence of clear direction subduing trading volumes.

AUSTRALIA ended slightly higher, with overseas buying impeded by a recovery in the Australian dollar. The All Ordinaries index rose 2.3 to 1,488.8 in another day of thin trading which saw 77m shares worth A$124m exchanged.

Strong results and higher dividends helped Adsteam up 10 cents to A$6.60 and its retail unit, David Jones, 24 cents higher to A$9.70.

Options-related trading in WMC swelled overall volume, with the leading miner off 2 cents at A$5.10.

HONG KONG was cautious in the wait for US employment statistics, and the Hang Seng index lost 15.98 to 3,046.81. Turnover eased to HK$1.4bn from Thursday's HK$1.46bn.

SINGAPORE ended mixed as bargain-hunting alternated with profit-taking to leave the Straits Times industrial index with a rise of 4.10 at 1,154.86. Volume fell to 50.7m shares from 58.8m the previous day.

FT-ACTUARIES WORLD INDICES

Jointly compiled by The Financial Times Limited, Goldman, Sachs & Co., and County NatWest/Wood Mackenzie in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	THURSDAY MARCH 9 1989					WEDNESDAY MARCH 8 1989			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988/89 High	1988/89 Low	Year ago (approx)
Australia (89)	137.23	+0.2	118.43	111.40	4.90	136.89	118.00	111.90	157.12	91.16	110.43
Austria (18)	102.23	-0.2	88.22	98.79	2.55	102.40	88.26	98.65	103.18	83.72	90.72
Belgium (63)	131.32	-1.3	113.33	126.79	4.08	133.02	114.66	127.77	139.89	99.14	139.61
Canada (125)	133.73	+0.1	115.41	116.25	3.29	133.55	115.11	116.19	137.27	107.06	120.57
Denmark (39)	167.54	-0.7	144.58	165.38	1.84	168.68	145.40	166.10	180.38	111.42	121.80
Finland (26)	142.15	-0.4	122.67	129.32	1.41	142.76	123.05	129.61	147.07	106.78	119.99
France (130)	114.88	+0.2	99.14	113.80	2.86	114.70	98.87	113.48	119.98	72.77	86.50
West Germany (102)	84.16	-0.1	72.63	81.45	2.31	84.24	72.61	81.35	90.40	67.78	79.38
Hong Kong (44)	128.41	-0.2	110.81	128.60	3.73	128.70	110.94	128.90	133.77	84.90	100.41
Ireland (17)	142.59	-1.0	123.05	140.01	3.67	144.07	124.18	141.16	146.46	104.60	120.02
Italy (98)	78.63	-0.5	67.85	80.27	2.51	79.01	68.11	80.47	86.88	62.99	75.45
Japan (456)	188.23	-1.1	162.44	153.49	0.49	190.36	164.09	154.86	200.11	133.61	162.93
Malaysia (36)	155.83	+0.5	134.48	165.22	2.66	155.09	133.68	164.43	159.79	107.83	117.29
Mexico (13)	157.98	+1.0	136.33	406.77	1.26	156.46	134.87	404.06	182.24	90.07	151.26
Netherland (39)	115.44	+0.1	99.62	110.64	4.56	115.35	99.43	110.42	116.50	95.23	107.30
New Zealand (24)	71.91	+0.0	62.06	62.09	6.23	71.94	62.01	62.27	84.05	63.32	77.42
Norway (26)	172.87	+0.1	149.18	159.02	1.84	172.61	148.79	158.38	174.29	98.55	114.59
Singapore (26)	142.00	+0.9	122.54	126.62	2.10	140.73	121.31	125.42	143.62	97.32	111.59
South Africa (60)	134.63	-1.3	116.18	120.12	4.18	136.35	117.53	119.46	139.07	98.26	136.78
Spain (42)	145.06	+0.5	125.18	127.20	3.79	144.36	124.44	126.43	164.47	130.73	147.15
Sweden (35)	156.50	-0.2	135.05	147.52	2.22	156.78	135.14	147.50	156.90	96.92	119.83
Switzerland (57)	76.66	+0.1	66.15	75.52	2.30	76.59	66.02	75.33	86.75	74.13	86.75
United Kingdom (314)	149.10	-0.5	128.67	128.67	4.29	149.83	129.15	129.15	152.54	120.66	139.77
USA (568)	119.64	-0.1	103.24	119.64	3.62	119.75	103.23	119.75	121.90	99.19	107.69
Europe (1006)	118.50	-0.3	102.26	109.03	3.54	118.83	102.43	109.16	120.88	97.01	109.96
Nordic (126)	148.06	-0.3	127.77	145.31	1.96	148.57	128.06	145.49	149.38	95.22	111.31
Pacific Basin (675)	183.60	-1.1	158.44	150.45	0.70	185.56	159.95	151.75	194.72	130.81	158.41
Euro-Pacific (1681)	157.57	-0.8	135.98	133.91	1.57	158.87	136.95	134.76	164.22	120.36	139.05
North America (693)	120.38	-0.1	103.89	119.46	3.60	120.48	103.85	119.56	122.71	99.78	108.37
Europe Ex. UK (692)	99.64	-0.1	85.99	96.83	2.90	99.74	85.98	96.74	103.11	80.28	91.48
Pacific Ex. Japan (219)	128.19	+0.1	110.62	112.17	4.34	128.03	110.36	112.45	137.65	87.51	103.83
World Ex. US (1879)	156.52	-0.8	135.07	133.31	1.64	157.77	135.99	134.12	162.77	120.26	138.40
World Ex. UK (2133)	141.58	-0.6	122.18	128.66	2.03	142.42	122.76	129.25	146.04	111.77	125.25
World Ex. So. Af. (2387)	142.28	-0.6	122.79	128.71	2.23	143.11	123.36	129.30	146.65	113.26	126.46
World Ex. Japan (1991)	120.19	-0.2	103.72	115.81	3.62	120.38	103.76	115.92	122.37	100.00	109.07
The World Index (2447)	142.24	-0.6	122.75	128.65	2.25	143.07	123.32	129.23	146.51	113.37	126.53

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ index), 90.791 (Pound Sterling) and 94.94 (Local); Nordic: Dec 30, 1988 = 139.65 (US $ index), 114.45 (Pound Sterling) and 123.22 (Local).

Constituent change: Name change: Smidth (FL) B to FLS Inds.B (Denmark) (9/3/89). Latest prices were unavailable for this edition.

LONDON STOCK EXCHANGE: Dealings

Details of business done shown below have been taken with consent from last Thursday's Stock Exchange Official List and should not be reproduced without permission.

Details relate to those securities not included in the FT Share Information Services.

Unless otherwise indicated prices are in pence. The prices are those at which the business was done in the 24 hours up to 5 pm on Thursday and settled through the Stock Exchange Talisman system, they are not in order of execution but in ascending order which denotes the day's highest and lowest dealings.

For those securities in which no business was recorded in Thursday's Official List the latest recorded business in the four previous days is given with the relevant date.

Rule 535(2) and Third Market stocks are not regulated by the International Stock Exchange of the United Kingdom and the Republic of Ireland Ltd.

‡ Bargains at special prices. ♦ Bargains done the previous day.

Corporation and County Stocks

No. of bargains included 7

Greater London Council 6¾% Stk 90/92 – £89 90

Birmingham Corp 2½% Stk 1926(or after) – £20 (6Mr89)

3½% Stk 1946(or after) – £30 (6Mr89)

Bristol(City of) 11½% Red Stk 2008 – £106¾

Croydon Corp 3½% Stk – £32 (6Mr89)

Manchester Corp 3% Red Cons Stk 1928(or after) – £20 (3Mr89)

Barclays PLC ADR (4:1) – $30¾

Barclays Bank PLC 7½% Uns Cap Ln Stk 86/91 – £91 (7Mr89)

8¼% Uns Cap Ln Stk 86/93 – £90

12% Uns Cap Ln Stk 2010 – £110¾

16% Uns Cap Ln Stk 2002/07 – £134¾ (6Mr89)

Barings PLC 8% Cum 2nd Prf £1 – 92½ (6Mr89)

Commerzbank Ag Cdbr(Iss Warburg) DM10 – £13¾ (6Mr89)

Co-Operative Bank PLC 8.48% Cum Red Prf 2013 £1 – 100¼

Hambros PLC Non Vtg £1 – 55 (6Mr89)

Hill Samuel Group PLC 8% Uns Ln Stk

The Third Market Appendix

No. of bargains included 178

Associated Farmers PLC Ord 25p – 72 5 (7Mr89)

Beckenham Group PLC Warrants to sub for Ord – 41 (6Mr89)

8% Red Cum Prf £1 – 102♦

Edinburgh Hibernian PLC Ord 2p – 94 (7Mr89)

Hoskins Brewery PLC Ord 50p – 90

Malaya Group PLC Ord 10p – 44 7

Medirace PLC Warrants to sub for Ord – 78 80

Poddington PLC Ord 5p – 28¾ 9 ¾‡ 30 ¾‡ 1¾‡

Whitegate Leisure PLC Ord 20p – 26 9 ½

Wilton Group PLC Ord 1p – 6¾ 7 ¼

Rule 535(2)

No. of bargains included 73

Acknill Carr PLC Ord 25p – £0.14

All England Lawn Tennis Ground Ld Deb 88/90 £500 – £500 (6Mr89)

Anglo American Agriculture PLC Ord 25p – £0.0125 0.02

Ann Street Breweries Co Ld Ord £1 – £8.9

Cnv Red 2nd Prf £1 – £10¾♦

Appleton Hldgs PLC Ord 10p – £0.14♦

Audiotext PLC Ord 1p – £0.1175 (7Mr89)

Barrington Management(CI) International Income – £1.7825

Berryhurst PLC Ord 1p – £0.04 (6Mr89)

Bleasdale Computer Systems PLC Ord 1p – £0.00875 (6Mr89)

Channel Islands Comm (TV) Ld Ord 5p – £0.73♦

Crowley Group PLC Ord 2.5p – £0.24 0¾ 0.255

De Gruchy(Abraham)& Co Ld Ord £1 – £11

Equity Capital for Industry Ld Ord 50p – £1.55 (6Mr89)

Finance Land & General Hldgs PLC Ord 5p – £0.04 0.05125 0.06 0.065 (6Mr89)

Five Arrow Ld Ord £1(Br) – £4 (6Mr89)

Flightspares PLC Ord 10p – £10.6

Fredericks Place Hldgs PLC Ord 20p – £0.09

Cnv Dfd 1p – £0.011

Cnv Red Cum Prf 25p – £0.325

G.R.I. Electronics PLC Ord 10p – £0.6 0.61 0.65

Gillow PLC Ord £1 – £0.95 (7Mr89)

5% Cnv Prf £1 – £0.17 (7Mr89)

Glencar Explorations PLC Ord I£0.02 1/2 – £0.47♦

Grampian Television PLC Ord 10p – 20¼♦

Hardley Baird PLC Ord 5p – £0.55 0.57 (7Mr89)

Ireland Yard Investments PLC Ord 10p – £0.07 0.07375 (3Mr89)

Jacks(William) & Co Ld 5% Cum Prf £1 – 38 (6Mr89)

Jersey Electricity Co 5% Cum Ptg Prf £1 – £0.54

Jersey Gas Co Ld Ord £1 – £3.2

3% Cum Prf £1 – 20¾ 0.27

Jersey New Waterworks Co Ld 5% Cum Prf £5 – £2.1

3½% Cum 2nd Prf £5 – £1.46

2% Cum 4th Prf £5 – £0.84

Kenmare Resources PLC Ord I£0.25 – £0.23 0.24 0¼ I£0.28

Le Riche's Stores Ld Ord £1 – £3.7 (7Mr89)

Liverpool FC & Athletic Grounds PLC Ord £5 – £305 (6Mr89)

Merrett Hldgs PLC Ord 10p – £2.05

North West Exploration PLC Ord 20p – £0.35 (7Mr89)

Oliver Resources PLC Ord I£0.05 – £0.24 0.245 0¼ I£0.3

Park Lane Hotel PLC Ord 25p – £8.2 (6Mr89)

Portsmouth Water Co 4% Perp Deb Stk – £24 (7Mr89)

Rangers Football Club PLC Ord £1 – £25 (3Mr89)

Rigby Electronics Group PLC Ord 5p – £0.1♦

Shepherd Neame PLC "A" Ord £1 – £6.8 6.9

Silver Bear PLC Ord 2.5p – £0.16 0.165 (7Mr89)

Southern Newspapers PLC Ord £1 – £3.05 3.12 3.2

Stalwart Assurance Group PLC Ord 10p – 120 (6Mr89)

Sun Oil Co(UK) Ld Oil Royalty Stk Units 1p – £0.53

RULE 535 (4) (a)

Bargains marked in securities where principal market is outside the UK and Republic of Ireland. Quotation has not been granted in London and dealings are not recorded in the Official List.

Allied Corp £25.134♦ (7/3)

Associated Manganese Mines of SA £31

Aust. Development 74 (8/3)

Beach Pet. 5 (7/3)

Berjuntai Tin Dredging 30♦ (6/3)

Beverly Enterprises $8.625 (8/3)

Boral £1.5 56 (8/3)

Brick & Pipe Industries £1.84 (8/3)

Brush Wellman £16.25,16.3 (3/3)

Celanese Canada C$32.875♦ (7/3)

City Developments S$3.51613 (8/3)

Community Psychiatric Centers £15.4 (3/3)

Conex Aust 1 (6/3)

Coopers Resources 38♦ (8/3)

Cultus Resources 15,8

Dainippon Screen Mufg. Y994,997,1,000 (8/3)

Dalker Exploration £2.2♦ (8/3)

Eastcourt Ord 2♦3,5 (3/3)

Edo Corp £6.05

Far East Hotels & Entertainment 9.25 HK$1.25147 (6/3)

Goldrim Mining Australia 28♦ (8/3)

Great Eastern Mines 3♦ (6/3)

Haw Par Bros Int (Singapore Reg) S$3.22448 (6/3)

Highveld Steel & Vanadium $4.06,4.01 R17.1♦ $3.92

Hollinger £6.5 (8/3)

Hooker Corp 90

Hunter Resources 4 (6/3)

Keystone International $19.58634,19.75♦ (7/3)

Kuala Sidim Rubber 35♦ (8/3)

Kulim Malaysia Ord 27

Kulim Malaysia Ord (Malay Ord) 27 (8/3)

Lee Hing Development 16,8

Malaysian Plants. 38

McCarthy Group R12 (6/3)

Metramar Minerals £242.28 (6/3)

Mount Carrington Mines 44,50 (8/3)

Murray & Roberts Hldgs R20 (3/3)

National Electronics (Consolidated) 3,4,4.5,6.5 (6/3)

Micron Resources 22 (3/3)

Niugini Mining £1.55♦ (6/3)

Nixdorf Computers DM300.8

Noranda £11.45 C$23.875♦

North Flinders Mines £1.45 (6/3)

Oakwood Resources 25 (6/3)

Oceaneering Int £2 (6/3)

Oil Search 27,9

Oriental Petroleum & Minerals "B" $0.003718♦ (8/3)

Overseas Chinese Banking Corp S$8.30409,8.35 (7/3)

Place 22♦ (7/3)

Plenty River Mining Co 1.65♦ (8/3)

Rea Gold Corp C$3.47727♦ (7/3)

Regal Hotels (Hldgs) 16.5,17.5 (7/3)

Rutgerswerke AG DM438.7♦ (6/3)

Sappi Ltd R37♦ (7/3)

Singapore Land S$9.00024,9.00005 (7/3)

Sky Line Explortn £3 (3/3)

Southwest Gold Mines A$0.035 (3/3)

Strategic Minerals Corp A$0.1477 (8/3)

Target Resources 17 (8/3)

United Overseas Land S$1.8189,1.82002 (8/3)

Westfield Minerals $1.62

Westralian Sands A$2.75

By Permission of the Stock Exchange Council

USM Appendix

No. of bargains included 1586

Apollo Metals PLC 8p(Net) Cum Cnv Red Prf 10p – 113

Bionec Industries PLC 8.5% Cnv Uns Ln Stk 1991 – £125 (6Mr89)

Cityvision PLC 8.5%(Net) Cnv Cum Red Prf £1 – 136

Continental Microwave (Hldgs) PLC 6.0% Cnv Cum Red Prf 2005 £1 – 100

Darby Group PLC Ord 5p – 149♦

Dewey Warren Hldgs PLC Var Rate Cnv Uns Ln Stk 1995 – £98 100

Fergebrook Group PLC 12% Cnv Uns Ln Stk 92/97 – £80 (6Mr89)

Gibbs Mew PLC Ord 25p – 280 (7Mr89)

Great Southern Group PLC 6.75p Cum Cnv Red Prf 5p – 93

Heavitree Brewery PLC Ord 25p – £10.2 (6Mr89)

Hodgson Holdings PLC Cnv Prf 5p – 80½

Kenick PLC 7p (Net) Cnv Cum Red Prf 5p – 121 3

New England Properties PLC 10% Cnv Uns Ln Stk 1990 – £119 (6Mr89)

Pavion International PLC 3.85% Cum Prf Stk £1 – 25 (6Mr89)

Quarto Group Inc 8.75p(Net) CnvCumRedShs of Pfd Stk $0.10 – 110 (7Mr89)

Quilgotti PLC New Ord 5p (Fp/LA–19/4/89) – 67 8 8 9 ½ 70 ½ 1 3

Randsworth Trust PLC 7% Cum Cnv Red Prf £1 – 107

Savage Group PLC 8.5% (Net) Cum Red Cnv Prf £1 – 106½

SelecTV PLC Ord 1p – 16

Stanco Exhibition Group PLC New Ord 5p(Fp/PAL–28/3/89) – 34 ½ 5 (7Mr89)

Total Systems PLC Ord 5p – 50♦

Vistec Group PLC Ord 10p – 26 7 ½

Wyevale Garden Centres PLC 8.5% (Net) Cnv Cum Red Prf £1 – 142♦

Yelverton Investments PLC 8% Cnv Uns Ln Stk 1997 – £68 70

York Trust Group PLC Red Cum Cnv Prf 20p – 81♦

LONDON STOCK EXCHANGE

Equity Budget Account opens firmly

INTERNATIONAL influences suddenly took a back seat as the London stock market moved into the Budget trading Account with a burst of confidence yesterday afternoon. Revived worries about US interest rates failed to check a burst of selective and somewhat speculative demand for UK equities.

With many London market analysts predicting a moderate, restrained Budget Speech on Tuesday from Mr Nigel Lawson, the UK Chancellor of the Exchequer, fund managers again showed themselves unwilling to be left behind.

The late upturn, which featured heavy trading in oil, banking and electronic shares, as well as in selected retail issues, caught out some market makers who had assumed that buyers would keep away until after Budget Day.

Account Dealing Dates		
*First Dealings:		
Feb 27	Mar 13	Apr 3
Option Declarations:		
Mar 9	Mar 30	Apr 13
Last Dealings:		
Mar 10	Mar 31	Apr 14
Account Day:		
Mar 20	Apr 10	Apr 24

*New time dealings may take place from 9.00 am two business days earlier

The late upswing came when the market had apparently topped out after rising sharply in early trading. An early gain of more than 14 FT-SE points had been cut to only four points after the news that US unemployment had dipped to 5.1 per cent in February reached London, bringing in its train a opening fall in Wall Street's equity and bond sectors.

But as trading started for the new London equity Account, a three week period which will take in the investment reaction to the UK Budget, the market turned upwards again.

At its final reading the FT-SE Index was 9.3 up at 2085.2, once again within hailing distance of the closing high for the year of 2096.2, achieved on February 8. Over the two week account which ended last night, the FT-SE Index has gained 65.7 points as fears of another rise in UK bank base rates were calmed by relative firmness in sterling.

Equities were further encouraged at yesterday's opening after Mrs Thatcher, the UK Prime Minster, expressed confidence that her Government's high interest rate policies would succeed in curbing inflation.

However, the fall in US unemployment reawakened concern that the Federal Reserve might tighten credit policy to curb inflationary presures, and it was this that brought UK equities off the top at mid-session.

Seaq volume jumped to 655m shares – among the highest for some weeks – from Thursday's 483.9m. Inter-dealer trade remained high, but was joined by a surge of investment buying in selected areas.

Heavy trading in GEC kept the electronics sector on the alert; some traders identified European funds again as buyers, but hints that General Electric of the US sought a stake of 4.9 per cent persisted.

Also very busy was BP, the focus of renewed hints that the shares may join the Standard & Poor's list of 500 stocks used to measure performance on the New York market.

Dixons on the move

Dixons, the high street electrical retailer, returned to the limelight amid hectic trading as speculation swept the market that a hostile bid for the group was in the offing. After a slow start, the shares improved steadily throughout the day as "new-time" buyers picked up stock with gusto. By the close 22m shares, over 5 per cent of the company, had changed hands, and Dixons eventually closed up 14 at 168p.

The volume pointed to possible stakebuilding, said dealers; they noted that two broking houses, UBS Phillips & Drew and Smith New Court, had been bidding aggressively for stock. A number of names were mentioned as possible bidders. Boots and Hanson were the first two, both previously linked with Dixons, with the former regarded as the more likely to make an offer.

Later there was vague talk of a European consortium approach, and more confident speculation that Woolworth and Amstrad would launch a joint bid. However, as one analyst pointed out, if Woolworth does make an offer, it will have to sell its Comet subsidiary to avoid a damaging referral to the Monopolies and Mergers Commission. Finally, speculators latched on to suggestions that Mr Jacob Rothschild, who has 2 per cent of Dixons, will bid with his partner Sir James Goldsmith. At the end of a busy day, the market was none the wiser as to Dixons' fate, while the company itself had a strict "no comment" on the activity in its shares.

GEC remains in focus

Excitement continued to build in electronics where GEC again held the spotlight with turnover expanding rapidly to 18m by the end of the day. The share price climbed to 251p at one point, amid renewed talk of possible stake-building by US group General Electric and heavy demand from European funds, before slipping back late to close a net 3 firmer at 248p.

But traders remained sceptical of the stake-building and bid talk. "There is no bid for GEC, nor a defensive stake being accumulated; just some defensive action being taken by 17 defensive marketmakers." was the line taken by one top trader.

Analysts tended to take a similar view. Mr Brian Newman at Henderson Crosthwaite reckons the action will now switch to Plessey and says "GEC and Siemens will have to pay over 300p to win Plessey – an exit price below that level is now very unlikely in this sort of market." The Monopolies Commission inquiry has reached half-way and we have every confidence GEC/Siemens will be able to renew their bid." Mr Newman says he has been impressed by Plessey's performance in highlighting prospects for 1989-90 and is expecting a profits forecast in the region of £230m. Plessey shares rose 6 to 266p on 3.5m.

Cookson ahead

Cookson moved 11 ahead 320p after falls earlier in the week on talk of a rights issue, subsequently downplayed by the company. The shares were also underpinned by several other considerations. Johnson Matthey's share price rose a further 5 to 385p, benefiting Cookson, which picked up its 8 per cent stake at around the £3 mark.

Cookson's change of broker at the end of the previous week helped touch off talk that the company could launch a rights issue to pay for a full bid for Johnson Matthey, with which it previously shared a broker.

Chartered Consolidated yesterday slightly increased its holding in Johnson Matthey to just over 38 per cent, indicating that it was a buyer, rather than a seller, reducing the chances of a Cookson bid and hence of a Cookson rights issue. Finally, Cookson is scheduled to reveal year-end figures on March 22, and the stock usually performs well ahead of results.

Turnover in Standard Chartered came out at a much higher than usual 3.9m with the share price advancing to 554p at one point before closing a net 7 firmer at 550p. Recent market suggestions that the bank will reveal details of two substantial property sales when it announces preliminary figures on March 22 are now being taken seriously in the City.

Analysts expect news that Standard's Singapore property, on which it holds a long lease, will have been sold to raise some S$750m (around £200m) and that its London headquarters, 30 Bishopsgate, will net the bank around £130m on a sale and leaseback deal.

A lacklustre insurance sector showed Prudential unaltered at 172p after some hefty two-way action which left turnover at 4.4m; late in the day there were stories of a huge line of shares – a block of 36m was spoken of – on offer in the market.

Housebuilders were among the market's biggest winners. Prowting – "oversold" said one trader – leapt 16 to 166p and Barratt, where there was talk of an imminent upgrading by one of the top UK securities houses, put on 6 to 205p ahead of the figures, expected shortly.

Bid speculation and talk that the group will be a major beneficiary of the Channel Tunnel link, lifted Ward Holdings 14 to 151p.

The market breathed a sigh of relief when textile group Coats Viyella produced a set of annual profits marginally less depressing than had been widely feared. Final earnings of £135.2m, down 36 per cent on last year, were slightly higher than most brokers' estimates, and, boosted by the £13m disposal of retailer Country Casuals, Coats closed 7½ firmer at 163p on turnover of 11m shares.

GEC apart there were plenty of other good performances in electronics. Cable & Wireless raced up 10 more to 489p on 8.3m turnover after confirmation of the deal with Sprint of the US, while Racal Electronic rallied well to close 7 firmer at 373p on volume of 9.9m shares.

The gradual recovery of food retailer Sainsbury, following recent underperformance, continued. Buoyed by bullish brokers' comment, the shares climbed 3 to 222p on turnover of 5.6m. The comment came after Morgan Stanley hosted a presentation at the Merton hypermarket on Thursday, and Citicorp Scrimgeour Vickers had lunch with Mr David Sainsbury yesterday. Mr Nick Bubb of Morgan Stanley was particularly impressed with the way the company dismissed fears that oversaturation would lead to a damaging price war.

Mr John Woolman, the Citicorp foods analyst, was also reassured by his meeting with Sainsbury. "While we accept that volume growth has been difficult in the first half of the year," said Mr Woolman, "we expect that improvements in gross and net margins will enable Sainsbury to achieve the strongest growth of any company in the food retailing sector.

Northern Foods bucked the trend by dropping quickly on a story in the trade press that the company has postponed the opening of a new factory in the North of England. Although the story subsequently proved untrue, the shares failed to recover the early lost ground and closed 5 weaker at 302p.

Talk of Triplex Lloyd adding to the 1.4 per cent stake in James Neill it bought in January sent the latter's shares flying ahead; the suggested buying price was "in the upper 260s." By the close the shares had risen 19 to 261p and Triplex fallen 8 to 188p. But after hours James Wilkes announced that it had bought Neill stock at 267½p to more than double its stake to 9.2 per cent. Wilkes was 4 lower at 237p.

An agency buy order in early trading caught dealers short in Norcros. The stock was chased all day and ended 18 higher at 345p. Portals advanced a further 329p, up 15p, on further consideration of Thursday's disposal of Sir Ron Brierley's stake in the company. Good sentiment towards businesses involved in environmental matters helped both Portals and Rechem, which recovered 10 to 457p after mounting a seminar to dispel fears of pollution problems in South Wales.

Sale Tilney dropped 15 to 221p as the company revealed full year profits 20 per cent lower at £6.3m. "Very disappointing," said a marketmaker, "and they still look expensive on fundamentals, although the chairman's statement was optimistic."

Some reasonably sized buyers bought Arley Holdings up to 128p, up 11 on the day. Full-year results are due on March 16.

Revived suggestions that VW, the West German car manufacturer, was intent on acquiring a shareholding led to increased activity in Jaguar shares which settled 5 up at 327p.

UK Paper rebounded when profit-taking after Thursday's annual results gave way to fresh demand. A mixture of takeover hopes and encouraging comment on prospects generated buying which saw the shares rise 11 to 227p. Mr Graham Kemp of Citicorp Scrimgeour Vickers said: "The shares remain on an excessive discount to market rating and with a good earnings growth outlook (tax rate less than earlier thought), the shares' longer term value remains intact."

TMD Advertising, the USM-listed independent media buyer, responded sharply to the complex deal which gives French media specialist, Carat Espace (CE), a 29.9 per cent holding. CE is paying 260p a share for the purchase via a tender offer, which will extended to other shareholders, and the issue of new shares so that TMD may finance the acquisition of privately-owned Outdoor Life. UK agency WCRS holds a 50 per cent in CE's parent company. At the close TMD shares were 21 higher at 252p, after 256p.

Reed International, off-colour since since BZW warned of dull prospects in the short-term, recovered 9½ to 435p and cut the loss on the week to only 6.

With Thursday's speculation of a rights issue dismissed, investors began anticipating good preliminary figures from P&O which bounced back 19 to 702p. A board meeting is scheduled for next Friday but announcement of the results is not expected until March 20.

A traumatic week for Lonrho fans ended with the shares still under pressure following the proposed sale by tender of Mr Alan Bond's 19.8 per cent holding. They settled 4 off at 331p, although dealers reported slightly better offtake than the previous two days.

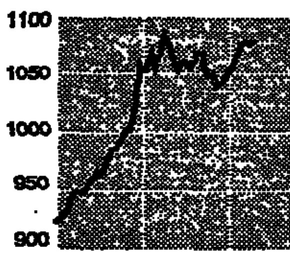
Antofagasta contrasted with a smart improvement of 20 to 384p following a warm press reception for Thursday's sparkling full-year figures.

Shell attracted big turnover which amounted to 11m by the close; US houses were said to have been aggressive buyers of the stock and lifted the share price 3 to 396p.

BP "old" eased 5½ to 270½p on turnover of 10m while the "new" slipped 3 to 167p on 6.7m; the buy-back of the near 12 per cent stake held by the Kuwait Investment Office is scheduled for completion on Monday. Pict Petroleum closed 4 off at 106p after the £9.2m rights issue, acquisition from Amerada Hess and the interim figures. Growing optimism over the Glamoy zinc prospect saw Conroy Petroleum jump 15 to 110p.

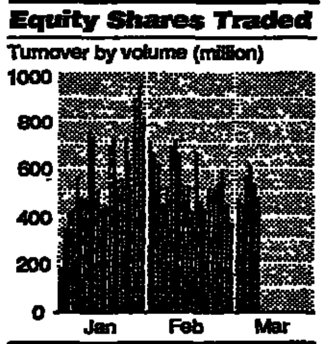
■ Other market statistics, including the FT-Actuaries Share Index, Page 9

FT-A All-Share Index



Equity Shares Traded

Turnover by volume (million)



NEW HIGHS AND LOWS FOR 1988/89

NEW HIGHS (172).

BRITISH FUNDS (2) Treas. 3pc 1989, Consols 2½pc, AMERICANS (3) CANADIANS (3) BANKS (2) Anglo Leasing, TSB Channel Islands, BREWERS (6) BUILDINGS (11) CHEMICALS (8) Caird, Canning (W.), Chemoxy Int'l., Coalite, Leigh Int's 6pc Cv. Pf., Rechem Envnt'l. Servs., STORES (1) Glamar, ELECTRICALS (15) ENGINEERING (16) FOODS (4) Clifford Foods, Do. "A" NV, Brake Bros., Greggs, HOTELS (2) Mt. Charlotte, Queen's Moat 7pc Cv., INDUSTRIALS (32) AGA AB, ASD, Alfa-Laval AB "B", Amber Inds., BIMEC, Bardsey, Beaverco, Boots, Brammer, British Airways, Brown & Tawse, Channel Express, Christies Int'l., Computer People, Cooper (Alan), Elson, Grampian Hldgs., Hawthorn Leslie, Lep Grp., Marling Ind., Nestor-BNA, PCT Grp., Portals, Porter Chadburn, Radiant Metal, Russell (A.), Security Servs., Trafalgar House, Triefus, UDO, Williams (J.), Wolseley, INSURANCE (1) Trade Indemnity, LEISURE (8) Castle comms., European Leis., LWT, TV-am, Tyne Tees, MOTORS (1) Western Motors, NEWSPAPERS (3) Adscene, Blenheim Exb., Home Counties, PAPERS (8) Clarke Hooper, Colatax, FKB, Paragon Comm., U.K. paper, Waco, PROPERTY (4) Allied Ion. 5¼pc Cv. Pf., Bradero Props., Control Secs., Herring Son & Daw, SOUTH AFRICANS (1) Anglo Am. Ind., TEXTILES (1) Brk. Mohair, TRUSTS (40) OVERSEAS TRADERS (1) Antofagasta Hldgs., PLANTATIONS (1) Williams, MINES (6) Anglo Am., Anglo Amer Ind., De Beer Dfd., Impala Plat., RTZ 9½pc '95-2000, Rus. Plat.

NEW LOWS (11).

CANADIANS (1) Denbue Memory, INDUSTRIALS (3) Kitty Little, Mainmet Hldgs., Seafield, INSURANCE (1) BCE Hldgs., LEISURE (1) BCE Hldgs., OILS (1) Claremont, MINES (3) Brunswick, Gwalia Res., Egoli Cons., THIRD MARKET (1) Chelsea Artisans.

RISES AND FALLS

	On Friday Rises	On Friday Falls	On Friday Same	On the week Rises	On the week Falls	On the week Same
British Funds	26	61	22	202	258	85
Corps. Dom. & Foreign Bonds	10	0	34	42	37	141
Industrials	547	254	777	2,409	1,652	3,833
Financial and Props	179	105	385	966	580	1,791
Oils	20	23	58	137	110	244
Plantations	1	0	11	8	7	45
Mines	66	18	100	272	130	518
Others	46	78	115	380	321	601
Totals	896	539	1,500	4,416	3,095	7,158

FINANCIAL TIMES STOCK INDICES

	Mar. 10	Mar. 9	Mar. 8	Mar. 7	Mar. 6	Year Ago	1988/89 High	1988/89 Low	Since Compilation High	Since Compilation Low
Government Secs	88.76	88.78	88.67	88.84	88.67	90.47	91.43 (18/4/88)	86.18 (14/12/88)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	99.35	99.28	99.30	99.12	98.97	97.28	99.35 (10/3/89)	94.14 (8/1/89)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1724.9	1714.1	1724.4	1715.8	1708.4	1449.9	1724.9 (10/3/89)	1349.0 (8/2/88)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	187.5	181.5	180.3	174.7	173.5	246.6	312.5 (7/1/88)	154.7 (17/2/89)	734.7 (15/2/83)	43.5 (26/10/71)

	Mar. 10	Mar. 9	Mar. 8	Mar. 7	Mar. 6	Year Ago
Ord. Di. Yield	4.39	4.42	4.40	4.37	4.39	4.45
Earning Yld %(full)	10.70	10.81	10.75	10.70	10.75	11.35
P/E Ratio(Net)(☆)	11.28	11.18	11.24	11.31	11.25	10.75
SEAQ Bargains(5pm)	38,147	32,234	32,035	36,423	34,268	29,874
Equity Turnover(£m)†	-	1148.60	1256.01	1358.94	1073.87	1702.47
Equity Bargains†	-	35,984	37,270	40,344	37,459	34,309
Shares Traded (ml)†	-	461.9	538.1	603.2	492.2	654.0

Ordinary Share Index, Hourly changes

● Opening	● 10 a.m.	● 11 a.m.	● 12 p.m.	● 1 p.m.	● 2 p.m.	● 3 p.m.	● 4 p.m.
1719.7	1725.5	1727.1	1727.4	1725.6	1724.2	1718.7	1722.9

DAY'S HIGH 1727.5 DAY'S LOW 1718.3

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, SE Activity 1974, ☆Nil 11.21 †Excluding intra-market business.

● S.E. ACTIVITY

Indices	Mar.9	Mar.8
Gilt Edged Bargains	110.8	105.7
Equity Bargains	233.2	241.5
Equity Value	2321.6	2538.7
5 – Day average		
Gilt Edged Bargains	118.3	118.6
Equity Bargains	243.9	234.5
Equity Value	2538.8	2518.6

● London Report and latest Share Index: Tel. 0898 123001

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for most Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change	Stock	Volume 000's	Closing Price	Day's change
ASDA Group	2,900	148	+1	Commercial Union	834	378	+1	Land Securities	370	578		[illegible]	678	530	-2
Allied-Lyons	1,700	487	+3	Cons. Gold Fields	504	1426	-9	Laporte	293	489	+½	Royal Bk. of Scotlan.	345	387	
Amstrad	2,200	157	+3	Cookson	986	320	+11	Legal & General	1,200	322		Royal Insurance	2,900	434	+1
Argyll Group	1,800	182		Courtaulds	1,400	296	+3	Lloyds Bank	3,600	361	+1	STC	2,000	373	+4
Ass. Brit. Foods	16	337	-2	Dalgety	1,600	373	-1	LASMO	743	463	-1	Saatchi & Saatchi	297	411	-5
BAA	417	326		Dixons	22,000	168	+14	Lonrho	4,400	331	-4	Sainsbury	5,600	222	+3
BAT	1,600	558		Eng. China Clays	1,300	535		Lucas	448	652	-6	Scot & Newcastle	665	432	-3
BET	1,800	249	+3	Enterprise Oil	418	565	+4	MB Group	1,700	277	-3	Sears	7,600	123	+1
BICC	2,700	409	+6	FKI Babcock	1,300	172	-2	MEPC	280	576	+2	Shell Transport	11,000	396	+3
BOC	770	501	-1	Fisons	6,200	276	+1½	Marks & Spencer	2,500	170½	+3½	Siebe	1,000	490	+2
BPB Inds.	857	282		Gateway Corp.	1,300	166		Maxwell Comm.	449	228	+2	[illegible]	371	344	+1
BTR	1,800	357	+2	General Accident	1,200	959	+6	Midland Bank	2,600	456	+1	Smith & Nephew	1,400	140	+1½
Barclays	4,600	454	+2	General Elect.	18,000	248	+3	Nat. West. Bank	796	577	-2	Standard Chartd.	3,900	552	+9
Bass	622	948	+5	Glaxo	495	1249	+7	Next	4,000	155	+4	Storehouse	2,700	170	+1
Beazer	636	224	+1	Globe Inv.	882	169	+1½	Northern Foods	1,208	302	-5	Sun Alliance	197	1139	+1
Beecham	3,300	586		Glynwed Int.	2,800	338	+6	Pearson	580	705	-3	T&N	415	211	+1½
Blue Arrow	3,600	90½	+¼	Granada	1,100	373	+5½	Pearl	417	489	+1	TSB	3,500	125	+4
Blue Circle	950	544	-1	Grand Met.	1,700	548	+8	P & O	1,800	702	+19	Tarmac	1,700	298	
Boots	2,100	274	+4	GUS A	223	1020	-5	Pilkington	1,700	285		Tate & Lyle	344	940	-1
British Airways	4,000	294	+2	GRE	498	215		Plessey	3,500	266	+6	Tesco	951	154½	-1½
Brit. Aerospace	1,800	545	+4	GKN	1,000	391	+4	Polly Peck Intl.	2,700	324	-2	THORN EMI	577	723	+2
Brit & Comm.	1,300	221	-1	Guinness	2,400	422	+8	Prudential	4,400	172		Trafalgar House	2,800	375	+3
British Gas	3,700	173	-½	Hammerson 'A'	58	799		Racal	1,850	373	+7	Trusthouse Forte	1,700	290½	-1½
British Land	2,100	345	-6	Hanson	6,000	181¼	+2½	Rank Org.	128	917	+1	Ultramar	2,100	297	
BP	10,000	270½	-5½	Harrisons & Cros.	569	788	+4	RMC	707	639	+8	Unilever	268	536	-1
British Steel	20,000	83	+½	Hawker Siddeley	429	682	+6	RHM	777	392	-1	United Biscuits	1,000	324	
British Telecom	2,870	286	+1	Hillsdown Hldgs.	2,700	277	+1	Reckitt & Colman	184	1112	+7	Utd. Newspapers	1,000	453	+1
Burmah Oil	355	556	+1½	IMI	733	238	+1	Redland	167	536	+2	Wellcome	754	462	+1
Burton	3,300	288		Imp. Chem.	1,100	1193	+10	Reed International	1,400	435	+9½	Whitbread 'A'	1,700	362	+3
Cable & Wireless	8,300	489	+10	Inchcape	344	255		Reuters 'B'	663	661	-4	Williams Hldgs.	1,400	273	+4
Cadbury Schweppes	2,600	362	+6	Jaguar	3,200	327	+5	RTZ	1,200	542	+3	Wimpey	4,300	295	+5
Coats Viyella	11,000	163	+7½	Ladbroke	3,800	546	+7	Rolls Royce	2,585	174½	+1	Woolworth Hldgs.	1,630	263	-1

LEADERS AND LAGGARDS

Percentage changes since December 30 1988 based on Thursday March 9 1989.

Shipping & Transport	+	27.58
Agencies	+	25.40
Building Materials	+	25.08
Mechanical Engineering	+	24.00
Motors	+	22.34
Capital Goods	+	21.85
Mining Finance	+	21.31
Electronics	+	21.02
Electricals	+	20.67
Leisure	+	20.22
Other Groups	+	19.51
Brewers and Distillers	+	18.98
Health & Household Products	+	18.71
Other Industrial Materials	+	18.63
Investment Trusts	+	18.38
Conglomerates	+	18.23
Contracting,Construction	+	18.12
Industrial Group	+	18.06
Metals & Metal Forming	+	17.89
500 Share Index	+	17.41
Chemicals	+	16.85
All Share Index	+	16.39
Consumer Group	+	14.98
Publishing & Printing	+	14.63
Packaging & Paper	+	14.36
Telephone Networks	+	14.30
Oil & Gas	+	13.33
Insurance(Composite)	+	12.63
Food Manufacturing	+	11.47
Banks	+	11.28
Financial Group	+	10.96
Insurance(Life)	+	10.94
Gold Mines Index	+	10.80
Food Retailing	+	10.70
Insurance(Brokers)	+	10.65
Stores	+	10.26
Textiles	+	10.19
Property	+	9.64
Overseas Traders	+	8.59
Merchant Banks	+	8.55

BENCHMARK GOVERNMENT BONDS

	Coupon	Red Date	Price	Change	Yield	Week ago	Month ago
UK GILTS	13.500	9/92	108-15	-2/32	10.57	10.56	10.21
	9.750	1/98	98-23	-1/32	9.97	9.98	9.65
	9.000	10/08	99-13	-1/32	9.07	9.05	8.89
US TREASURY *	8.875	02/99	97-02	-15/32	9.34	9.34	8.93
	8.875	02/19	97-10	-23/32	9.14	9.15	8.77
JAPAN No 111	4.600	6/98	96.4263	-0.240	5.17	5.12	4.95
No 2	5.700	3/07	106.2345	-0.506	5.04	4.98	4.67
GERMANY	6.375	11/98	96.0500	-0.050	6.96	6.98	6.78
FRANCE BTAN	8.000	1/94	94.9897	-0.269	9.31	9.33	8.97
OAT	8.125	5/99	93.3900	-0.610	9.14	9.17	8.76
CANADA *	10.250	12/98	98.5000	-0.375	10.49	10.49	9.98
NETHERLANDS	6.7500	10/98	97.6250	-0.425	7.17	7.19	6.96
AUSTRALIA	12.000	7/99	91.0434	+0.232	13.82	13.89	13.71

London closing, *denotes New York morning session
Yields: Local market standard Prices: US, UK in 32nds., others in decimal

Technical Data/ATLAS Price Sources

COMMODITIES

WEEK IN THE MARKETS

Tin outshines London metals

LONDON METAL Exchange base metal markets were outshone this week by tin – their long lost cousin.

Tin trading on the LME ceased after the October 1985 collapse of the International Tin Council's price support operation; so the long haul back from the ensuing price plunge has been conducted chiefly on the Kuala Lumpur Tin Market. Another couple of milestones on that journey were passed in quick succession this week when the KL price broke through the 23 ringgit and 24 ringgit marks on the way to R24.63 a kilogram, up R2.03 on the week.

That price was equivalent to £5,200 a tonne, a far cry from the £8,000-plus ruling just before the ITC collapse but a distinct improvement on the sub-£4,000 level reached in its aftermath.

The credit for this belongs mostly to the tin producers themselves. Led by Malaysia, the seven members of the Association of Tin Producing Countries have for the past two years been operating what they term a "supply rationalisation scheme" and have succeeded in reducing the stock level overhanging the market from 73,000 tonnes to 38,000 tonnes. Although they are not members of the association Brazil and China have co-operated in this strategy.

It was the association's decision in January to extend this scheme for a further year, from this month, that lit the blue touch paper under the latest surge in the tin price, which at the time stood just below R20 a kilogram. That price was sufficiently attractive to make producers increasingly impatient for bigger quotas under the supply rationalisation scheme and to raise serious doubts about the continuing participation of Brazil – which last year overtook Malaysia to become the world's principal tin producer. So agreement on a further year of export quotas – albeit at higher levels than Malaysia would have liked – was greeted with somewhat surprised relief.

Delight at the strength of the price rise it has triggered has not been unalloyed, however. Malaysian officials are worried that producing countries might be tempted to increase exports above their agreed quotas, scotching plans to reduce stocks by another 8,000 tonnes over the coming year and raising doubts about the longer term aim of bringing them down to a "normal" level of about 20,000 tonnes.

In London meanwhile, the tone was set for a quieter week in the recently exuberant base metals markets by the announcement on Monday of substantial rises in LME stocks for several of the leading metals.

Zinc's 2,750-tonne stocks rise, to 40,625 tonnes, prompted an immediate retreat from the record level at which the market ended last week. With strong fundamentals – strong demand from the steel galvanising sector and tight supply availability for nearby deliver – continuing to be backed up by concern about labour unrest in the Peruvian mining industry, however, there was never much enthusiasm behind the selling and, after rallying $30 yesterday, the cash high grade position ended only $27.50 down on the week at $2,080 a tonne.

Copper prices see-sawed. A sharpish drop following Monday's stocks rise announcement (4,500 tonnes to 85,750) was followed by a sharper upswing which lifted the three months quotation to a record on Tuesday, and subsequent falls were mostly made up by a rally yesterday.

Ironically, the only market to see sustained selling was nickel, which was also the only one to register a stocks fall last week (420 tonnes to 8,078). General merchant liquidation brought five falls in a row and left the cash position $1,375 down on the week at $17,650 a tonne.

The strongest of London's leading soft commodity markets was sugar, which was buoyed by persistent talk of Soviet buying. The London daily raws price was fixed yesterday morning at $295.60 a tonne – a three-month high – and on the futures market prices were still rising.

Coffee prices gained ground on Tuesday after confirmation of a further cut in International Coffee Organisation export quotas – although with the 15-day average indicator price well below the 120 cents a lb that had been a foregone conclusion. Tight supplies for early delivery maintained the slightly firmer tone, however, and the May futures contract ended the week £19 higher at £1,184 a tonne.

The cocoa market remained subdued ahead of next week's International Cocoa Organisation talks, called to tackle the increasingly grave financial problems facing the pact. Hopes are not high, however, for a resolution of the problem of producers' non-payment of export levies, which is at the heart of the crisis.

Richard Mooney

APPOINTMENTS

Grand Met Brewing chief

■ Mr Roger R.G. North has been appointed managing director of GRAND METROPOLITAN BREWING, and will join the board of International Distillers and Vintners. He was with Hanson as chief executive of Imperial Foods.

■ Mr Michael A. Reeve has been appointed managing director of CRM INSURANCE SERVICES.

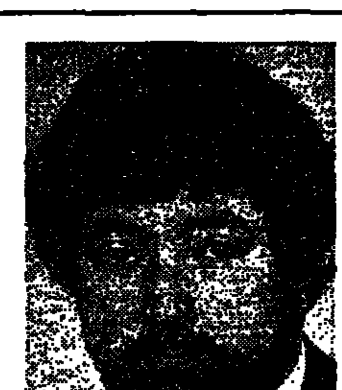
■ RESORT HOTELS has appointed Mrs Roberta Stenson as pubs division director. She was general manager, Preston Resort Hotel, Brighton.

■ Following a restructure at THE WRCS GROUP, Mr Peter Scott, group chief executive, additionally becomes joint chairman, and chief executive of the media division. Ms Adele Biss becomes chief executive of the PR division which will operate as Creamer Dickson International. Mr Ed Eskandarian, Mr Bill Sprague and Mr Stephen White will be leaving the main board.

■ RETAIL PLAN has appointed Mr Timothy Knox to the board. He is research director at subsidiary RRR.

■ Former senior customs and excise officer Mr Rod Jones has been appointed a tax adviser at ARTHUR YOUNG.

■ CHARTERHOUSE TILNEY, agency stockbroking arm of Charterhouse, part of the Royal Bank of Scotland Group, has recruited three research teams from Chase Manhattan Securities. They are: Mr John Goldschmidt and Mr Alasdair Stewart covering engineering; Mr Mike Smith covering overseas traders and conglomerates; and Mr Alan Carter, Mr Gareth Evans, and Mr Alistair Gunn covering property.



Mr Andy Hearne (above) has been appointed information technology director for the offshore and structural division of TRAFALGAR HOUSE. He was divisional financial controller.

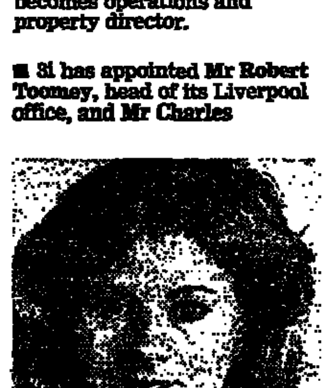
■ Mr Alistair Sloan has been appointed financial director of OVERBURY & SONS. He was financial controller of the construction division of the Johnson Group.

■ CLARKE HOOPER has appointed Ms Sue Archer as group financial controller; Mr David Johns as group financial analyst; and Mr Ben Heath as group accountant.

■ KLEINWORT BENSON has appointed Mr Andrew Cameron to the board of leasing subsidiary Rentech Finance as general manager. Mr Jeffrey McManns has been appointed to the board of subsidiary Rentech Investments.

■ COMET has appointed Mr Graham Cheetham as main board director for personnel, replacing Mr Leo McKee who becomes personnel director at Woolworths Stores, a sister company in the Kingfisher group. Mr Cheetham was personnel and distribution director with Underwoods. Mr Paul Davidson has joined the board as service director. He was distribution director of Black & Decker's UK operation. Mr John Cumming, development director, retires at the end of May. Mr Peter McTague, head of operations, becomes operations and property director.

■ 3i has appointed Mr Robert Toomey, head of its Liverpool office, and Mr Charles Richardson, head of its Manchester office, to the board.



Ms Shirley Blyth (above) has been appointed a director of POWERHOUSE. She was an associate director at Kingsway Rowland.

Sun Alliance senior posts

■ SUN ALLIANCE AND LONDON INSURANCE has appointed Mr A.J. Arthur as group trustee manager and managing director of Sun Alliance Trust Co. Mr G. Hagget, manager, trustee department, is to retire on health grounds. Mr W.G. Niven, group finance director, retires from executive duties on May 31, but remains a director of the company and its principal subsidiaries.

■ Mr David Armstrong has been appointed group financial director of the LOWE GROUP, Gateshead.

■ Mr John Thomson, a director, has been appointed vice chairman of J. BIBBY & SONS, and Mr Derek E. Cooper becomes a non-executive director. Mr Bas Kardol, a former chairman, has retired from the board.

■ CARADON CELUFORM has promoted Mr Tim Cooper from financial controller to the new post of financial director.

■ Mr Tim Binnington, chief executive of Heron Property Corporation and a Heron Corporation director, and Mr Graeme Newman, a director of Heron Property Corporation, are to establish a commercial property venture on June 1 in association with Heron Property Corporation. This will require both to resign their Heron directorships. The new venture will specialise in High Street retail development.

FT UNIT TRUST INFORMATION SERVICE

● Current Unit Trust Prices are available on FT Cityline. To obtain your free Unit Trust Code Booklet ring the FT Cityline help desk on 01-925-2128

AUTHORISED UNIT TRUSTS

Abbey Unit Tst Mngrs (1200)H
80 Holdenhurst Rd, Bournemouth 0345 717373

	Init Chge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
High Income						
American Income	6	47.19	47.19xd	50.48	-0.4	5.49
Gilts & Fixed Int.	6	112.60	112.60xd	119.50	+0.1	8.57
High Inc Equity	6	130.90	134.10	142.60	+0.7	4.17
Worldwide Bond	6	187.20	187.20xd	198.50	-0.7	4.89
Capital Growth						
American Growth	6	159.40	159.40	170.50	-1.1	1.28
Asian Pacific	6	81.96	83.63	88.96	-0.33	1.21
Assets & Earnings	6	159.60	159.60	170.70	+1.0	2.32
Capital Reserve Acc	0	83.66	83.66xd	83.67		4.76
Comdty & Energy	6	97.51	97.51xd	104.30	+0.2	0.00
1992 Enterprise	6	54.74	55.78	59.33	+0.21	3.03
European Capital	6	77.39	77.39	82.78	-0.36	0.91
General	6	172.20	172.20xd	184.20	+0.5	2.44
Japan	6	103.70	105.40	112.10	-0.5	0.00
Mastertrust	6	79.84	79.84	85.40	-0.07	1.72
UK Growth Acc	6	198.70	198.70	212.60	+0.4	1.60
UK Growth Dist	6	133.30	133.30	142.60	+0.2	2.59
US Emerging Cos	6	46.24	46.24	49.46	-0.71	0.00
Income & Growth	6	289.50	295.90	314.70	+1.9	3.02
Ethical	6	48.14	49.33	52.47	+0.19	2.38

Abtrust Management Ltd (1000)H
10 Queens Terrace, Aberdeen AB9 1QJ 0800 833580

	Init Chge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
American	5¼	43.47	43.47	46.40	-0.24	1.71
Australian	5¼	22.44	22.44	23.95	+0.16	1.18
European	5¼	52.78	52.78	56.34	+0.12	0.00
Extra Income	5	42.34	42.34xd	44.94	-0.08	4.95
Fixed Inv Tst	5	118.2	118.2	126.1	+0.3	1.99

Provident Mutual Unit Tst Mgrs Ltd (0905)H
25-31 Moorgate, London, EC2R 6BA. 01-588 3963

	Init Chge	Canc. Price	Bid Price	Offer Price	+ or -	Yield Gr's
PM Equity Gth	5	119.1	121.3xd	129.0		2.77
PM Income & Gth	5	105.3	107.0xd	113.8	-1.6	4.19
PM Nth Amer Gth	5	47.34	47.34	50.36	-0.29	1.50
PM European Gth	5	47.07	47.07	50.07	-0.08	0.89
PM Japan Gth	5	76.20	76.38	81.25	-0.16	0.30
PM Overseas Gth	5	48.86	48.86	52.97	-0.28	0.91

GUIDE TO UNIT TRUST PRICING

INITIAL CHARGES
These represent the marketing, administrative and other costs which have to be paid by new purchasers. These charges are included in the price when the customer buys units.

OFFER PRICE
The price at which units may be bought.

BID PRICE
The price at which units may be sold.

CANCELLATION PRICE
The maximum spread between the offer and bid prices is determined by a formula laid down by the government. In practice, unit trust managers quote a much narrower spread. As a result, the bid price is often set well above the minimum permissible price which is called the cancellation price in the table. However the bid price might be moved to the cancellation price in circumstances in which there is a large excess of sellers of units over buyers.

TIME
The time shown alongside the fund manager's name is the time at which the unit trusts' daily dealing prices are normally set unless another time is indicated by the symbol alongside the individual unit trust name. The symbols are as follows: ¥ - 0001 to 1100 hours; ♦ - 1101 to 1400 hours; ♦ - 1401 to 1700 hours; ♦ - 1701 to midnight.

HISTORIC PRICING
The letter H denotes that the managers will deal on a historic price basis. This means that investors can obtain a firm quotation at the time of dealing. The prices shown are the latest available before publication and may not be the current dealing levels because of an intervening portfolio revaluation or a switch to a forward pricing basis.

FORWARD PRICING
The letter F denotes that prices are set on a forward basis so that investors can be given no definite price in advance of the purchase or sale being carried out. The prices appearing in the newspaper show the prices at which deals were carried out yesterday.
Other explanatory notes contained in last column of the FT Unit Trust Information pages.

FT UNIT TRUST INFORMATION SERVICE

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Windsor Trust Mngrs Ltd (1200)F
83 Kingsway, London, WC2B 6SD 01-405 8331

	Init Chrg	Canc Price	Bid Price	Offer Price	+ or -	Yield Gr's
Capital & Equity	5	63.98	66.52	70.77	—	3.72
European	5	58.56	59.04	62.81	—	0.94
Far Eastern	5	54.01	54.16	57.62	—	0.15
Growth Inc	5	89.04	92.45xd	98.35	—	1.58
Growth Acc	5	89.04	92.45xd	98.35	—	1.58
Income Inc	5	84.33	85.79xd	91.26	—	9.59
Income Acc	5	84.33	85.79xd	91.26	—	9.59
Property Share	5	55.22	55.71	59.54	—	1.20
Smaller Co's	5	60.57	63.56	67.62	—	0.52
Formerly RBC Trust Managers Ltd						
Nth American	5	53.54	53.54	57.25	+0.38	1.83
International	5	42.16	42.16	45.09	−0.31	1.46

Wright Seligman Fund Mngrs Ltd (1000)H
11 Bloomfield St, London EC2M 7AY 01-588 0592

Growth	5	94.04	94.04	98.04	—	3.65

Weekly dealing day Tuesday

The Yorkshire Unit-Tst Mngrs Ltd (1100)F
Woodsome Pk, Fenay Bdge, Huddersfield 0484 602250

Yorkshire General	5½	61.65	63.92	68.00	+0.05	3.08
YUTM UK Eqty Inc Tst	5½	59.70	59.70xd	65.56	+0.37	4.50
YUTM Intl Gwth Tst	5½	46.21	46.21	49.36	−0.01	1.12

OTHER UK UNIT TRUSTS

Baillie Gifford & Co Ltd

Int'l Exps Feb 15	428.8	461.5	—	—

Cent. Bd. of Fin. of Church of England‡‡
2 Fore Street, London EC2Y 5AQ 01-588 1815

Inv Fund Feb 28	485.80	—	4.88
Fxd Int Sec Feb 28	142.55	—	10.03
Deposit Feb 28	100.00	—	12.55

Charities Official Invest. Fund‡‡
2 Fore Street, London EC2Y 5AQ 01-588 1815

Income Feb 28	460.59	—	5.06
Accum Feb 28	1493.07	—	—

Allied Dunbar Assurance Plc
Allied Dunbar Ctr, Swindon SN1 1EL 0793 514514

	Bid Price	Offer Price	+ or -	Yield Gross
Fixed Int. Dep. Acc	255.9	269.4	—	—
Equity Acc	616.5	659.5	−2.6	—
Property Acc	482.8	508.3	—	—
Far East Acc	192.9	203.1	−0.6	—
European Acc	20.4	21.5	—	—
Managed Acc	646.0	680.0	−1.9	—
Managed Cap	368.0	387.4	−1.1	—
O'seas Earnings Acc	546.7	575.5	−2.4	—
Gilt Edged Acc	316.6	333.3	−0.2	—
American Equity Acc	404.3	425.6	−1.5	—
American Man Acc	188.7	198.7	−0.6	—
American Prop Acc	137.5	144.8	—	—
Pen. F.I. Dep Cap	281.5	296.4	+0.1	—
Pen. F.I. Dep Acc	477.8	503.0	+0.1	—
Pen. Prop. Cap	568.3	598.3	−0.1	—
Pen. Prop. Acc	1065.3	1121.4	—	—
Pen. Man. Cap	795.6	837.5	+2.0	—
Pen. Man. Acc	1490.6	1569.1	+3.9	—
Pen. GiltEdg Cap	315.4	332.1	−0.2	—
Pen. Gilt Edg. Acc	483.0	508.5	−0.2	—
Pen. Eq. Cap	1302.7	1371.3	+3.0	—
Pen. Eq. Acc	1850.0	1947.4	+5.9	—
Pen. Am. Eq Cap	128.5	135.3	−1.3	—
Pen. Am. Eq Acc	153.8	161.9	−1.5	—
Pen. Far East Cap	228.3	240.4	−0.9	—
Pen. Far East Acc	273.4	287.8	−1.0	—
Pen. Euro Cap	22.9	24.2	−0.1	—
Pen. Euro Acc	24.7	26.1	−0.1	—
Pen. B.S. Acc	520.1	547.2	+0.2	—
Pen. B.S. Cap	315.0	331.4	+0.1	—
Pen. D.A.F. Acc	348.7	366.7	+0.1	—
Pen. D.A.F. Cap	248.6	268.6	+0.1	—
Pen. Mortgage Cap	141.0	148.5	+0.1	—
Pen. Mortgage Acc	168.8	177.7	+0.1	—
Barley Funds				
Pen Equ Cap	27.3	28.8	+0.1	—
Pen Equ Acc	28.2	29.7	+0.2	—
Pen Am Eq Cap	28.2	29.7	—	—
Pen Am Eq Acc	29.0	30.6	−0.1	—
Pen Far East Cap	28.5	30.0	−0.1	—
Pen Far East Acc	29.4	31.0	—	—
Pen Euro Cap	31.1	32.8	—	—
Pen Euro Acc	32.2	33.9	+0.1	—

OTHER UK UNIT TRUSTS (continued) · INSURANCES

Continued on next page

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	Bid Price	Offer Price	+ or −	Yield Gross
Pioneer Mutual Insurance Co Ltd				
16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655				
Managed Fund	291.9	307.3	—	—
Man Pens Inc & Cap Fds	382.4	402.6	—	—
Money Fund	117.6	123.8	—	—
Pens Mngd Fd (Init)	101.4	106.8	—	—
Pens Mngd Fd (Acc)	121.0	127.4	—	—
Pens FT30 Fd (Init)	143.8	151.4	—	—
Pens FT30 Fd (Acc)	171.6	180.7	—	—
Pens O'seas Mgf Fd (Init)	72.4	76.3	—	—
Pens O'seas Mgf Fd (Acc)	86.3	90.9	—	—
Pens Fxd Int Fd (Init)	105.8	111.4	—	—
Pens Fxd Int Fd (Acc)	126.2	132.9	—	—
Pens Deposit Fd (Init)	103.6	109.1	—	—
Pens Deposit Fd (Acc)	123.6	130.2	—	—
Premium Life Assurance Co Ltd				
37-39, Perrymount Road, Haywards Heath 0444 458721				
American	108.0	114.0	—	—
Building Soc. Fd	168.0	177.0	—	—
Balanced	274.0	289.0	—	—
Deposit	168.0	177.0	—	—
European	153.0	162.0	—	—
GT Managed	174.0	184.0	+1.0	—
Gartmore Mngd.	112.0	118.0	+1.0	—
German	104.0	110.0	−1.0	—
Gilt	174.0	184.0	—	—
Global	48.0	51.0	—	—
High Inc.	114.0	120.0	—	—
International Equity	179.0	189.0	—	—
Japan	233.0	246.0	−1.0	—
Managed	62.0	66.0	—	—
Property	276.0	291.0	—	—
R. W. Imperial Gold	129.0	136.0	−1.0	—
UK Equity	373.0	393.0	—	—
Pension Funds				
American	136.0	144.0	+7.0	—

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

GUERNSEY (SIB RECOGNISED)

IoM (SIB RECOGNISED)

LUXEMBOURG (SIB RECOGNISED)

SWITZERLAND (SIB RECOGNISED)

BERMUDA AUTHORISED

GUERNSEY (**)

JERSEY (SIB RECOGNISED)

JERSEY (**)

FT UNIT TRUST INFORMATION SERVICE

ISLE OF MAN (**)

LUXEMBOURG (**)

OFFSHORE INSURANCES

OTHER OFFSHORE FUNDS

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1988/89 High	Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
101	98	Treas 9½pc Cnv 1989	99	+	9.53	12.06
98¼	95	Treas 3pc 1989	98¼	+	3.04	9.794
102	98	Treas 10½pc 1989	99	–	10.56	12.51
102	98	Exch 10pc 1989	99	–	10.09	12.43
103	98	Exch 11pc 1989	99	–	11.08	12.32
97	94½	Treas 5pc 1986-89	97	–	5.15	10.14
104	98½	Exch 10¼pc Cv '89	99½	+	10.31	11.04
107½	100½	Treas 13pc 1990‡‡	100	–	12.88	11.75
104½	99	Exch 11pc 1990‡‡	99½	–	11.07	11.71
107	100½	Exch. 12½pc 1990	100½	–	12.40	11.68
93½	90	Treas. 3pc 1990	93	+	3.23	9.56
99½	95	Treas 8¼pc 1987-90‡‡	96	–	8.54	11.19
102½	95½	Treas. 8pc Cv 1990 ‡‡	97½	–	8.19	9.86
103	97¼	Treas. 10pc Cv 1990	97	–	10.21	11.41
91	87	Exch 2½pc 1990	89	+	2.78	9.07
107½	100	Treas 11¾pc 1991	100	–	11.65	11.21
95	89	Funding 5¾pc '87-91‡‡	91¼	+	6.27	10.33
90	86	Treas. 3pc 1991	88	+	3.40	9.06
105	97	Treas 10pc Cv '91 ‡‡	98½	–	10.11	10.53
107	98	Exch. 11pc 1991	100½	–	10.98	10.91
98	91	Treas. 8pc 1991	93	+	8.57	10.86
113	103	Treas 12¼pc 1992‡‡	105	–	12.13	10.60
104	96½	Treas 10pc 1992	98		10.17	10.65
98	91¼	Treas. 8pc 1992 ‡‡	93½	+	8.59	10.66
106½	98	Treas 10½pc Cv 1992‡‡	99	+	10.53	10.59
86	81	Treas. 3pc 1992	84	+	3.55	8.54
112	102	Exch. 12¼pc '92	104½	–	11.71	10.62
117	106	Exch 13½pc 1992	108½	–	12.44	10.53
97	91	Treas 8¼pc 1993	93		8.87	10.43
105	96	Treas 10pc 1993‡‡	99	–	10.10	10.31
115	105	Treas 12½pc 1993‡‡	107		11.65	10.36
93	85½	Funding 6pc 1993‡‡	87	+	6.88	9.53
121	110	Treas 13¾pc 1993‡‡	112	–	12.24	10.35
101	90	Treas. 8½pc 1994	93	–	9.13	10.32

Five to Fifteen Years

Over Fifteen Years

BRITISH FUNDS—Contd

Undated

1988/89 High	Low	Stock	Price £	+ or –	Yield Int.	Yield Red.
45½	41	Consols 4pc	45	+	8.88	
40½	37	War Loan 3½pc‡‡	39½	–	8.78	
70	48	Conv. 3½pc '61 Aft	70½	+	4.96	
41	30	Treas. 3pc '66 Aft	41	+	7.32	
30½	26½	Consols 2½pc	30½	+	8.30	
29	26½	Treas. 2½pc	29½	–	8.51	

Index-Linked

1988/89 High	Low	Stock	Price £	+ or –	(1)	(2)
127	117½	Treas 2pc IL '90(84.6)	127		–	
106½	99	Do. 2pc '92‡‡(97.8)	106	–	2.43	
99	92½	Do. 2 '94 (102.9)	98	–	2.82	
145	127½	Do. 2pc '96(67.9)	144	–	3.03	
124½	103½	Do 2½pc '01(78.3)	124½	–	3.23	
122	101½	Do. 2½pc '03(78.8)	122½	–	3.27	
125	102½	Do. 2pc '06(69.5)	125½	–	3.32	
117	95	Do. 2½pc '09(78.8)	117½	–	3.34	
122	99	Do. 2½pc '11(74.6)	122	–	3.34	
102	82	Do. 2½pc '13(89.2)	102	–	3.32	
110½	88	Do. 2½pc '16(81.6)	110	–	3.30	
108	87½	Do. 2½pc '20(83.0)	108½	–	3.24	
91½	73	Do. 2½pc '24‡‡(97.7)	91½	–	3.24	

Prospective real redemption rate on projected inflation of (1) 10% and (2) 5%. (b) Figures in parentheses show RPI base month for indexing, (ie 8 months prior to issue) and have been adjusted to reflect rebasing of RPI to 100 in January 1987. Conversion factor 3.945. RPI for June 1988:106.6 and for January 1989:111.0

INT. BANK AND O'SEAS

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

Public Board and Ind.

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

CANADIANS

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS – Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING – Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.) – Contd

[illegible]

INDUSTRIALS (Miscel.) – Contd.

[illegible]

INSURANCES

[illegible]

LEISURE

[illegible]

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LEISURE—Contd

[illegible]

MOTORS, AIRCRAFT TRADES

[illegible]

Commercial Vehicles

[illegible]

Components

[illegible]

Garages and Distributors

[illegible]

NEWSPAPERS, PUBLISHERS

[illegible]

PAPER, PRINTING, ADVERTISING

[illegible]

PROPERTY

[illegible]

SHIPPING

[illegible]

SHOES AND LEATHER

[illegible]

SOUTH AFRICANS

[illegible]

TEXTILES

[illegible]

TEXTILES—Contd

[illegible]

TOBACCOS

[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts

[illegible]

TRUSTS, FINANCE, LAND—Contd

[illegible]

Finance, Land, etc

[illegible]

OIL AND GAS

[illegible]

OIL AND GAS—Contd

[illegible]

OVERSEAS TRADERS

[illegible]

PLANTATIONS

Rubbers, Palm Oil

[illegible]

Teas

[illegible]

MINES

Central Rand

[illegible]

Eastern Rand

[illegible]

Far West Rand

[illegible]

O.F.S.

[illegible]

Diamond and Platinum

[illegible]

Central African

[illegible]

Finance

[illegible]

Australians

[illegible]

MINES—Contd

[illegible]

Tins

[illegible]

Miscellaneous

[illegible]

THIRD MARKET

[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma.

Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable; bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

● "Tap Stock"
* Highs and lows marked thus have been adjusted to allow for rights issues for cash
† Interim since increased or resumed
‡ Interim since reduced, passed or deferred
‡‡ Tax-free to non-residents on application
◆ Figures or report awaited
♥ Not officially UK listed; dealings permitted under rule 535(4)(a)
◆ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
‡‡ Not officially listed.
‖ Price at time of suspension
¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
◆ Merger bid or reorganisation in progress
◆ Not comparable
◆ Same interim; reduced final and/or reduced earnings indicated
§ Forecast dividend; cover on earnings updated by latest interim statement.
‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
★ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
‖ No par value

B.Fr. Belgian Francs. Fr. French Francs ¶¶ Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1988-89. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1989. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1989-90. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date. Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p.... γ	86	+1
Craig & Rose £1.. γ	718	......
Finlay Pkg. 5p.... γ	93	......
Holt (Jos) 25p..... γ	1270	−5

IRISH

Cap. 8½% Ln. 1991	£100⅝	+⅛
9pc Cap Ln. 1996..	£380½	......
Fin. 13% 97/02...	£123	......
Arnotts..................	400	......
Carrol (P.J.)......γ	155	......
Hall (R. & H.)........	148xr	−12
Helton Hldgs.......γ	74	......
Irish Ropes...........	165xr	......

TRADITIONAL OPTIONS

3-month call rates

Industrials	p
Allied-Lyons	40
Amstrad	18
BAT	40
BOC Grp.	36
BSR	7½
BTR	28
Barclays	34
Beecham	40
Blue Circle	39
Boots	20
Bowaters	38
Brit Aerospace	42
Brit. Telecom	21
Burton Ord	18
Cadburys	31
Charter Cons	45
Comm Union	28
Courtaulds	26
FKI Babcock	13
FNFC	21
Gen Accident	71
GEC	15
Glaxo	90
Grand Met	38
GUS 'A'	90
Guardian	16
GKN	28
Hanson	12
Hawker Sidd	48
ICI	85
Jaguar	22
Ladbroke	38
Legal & Gen	26
Lex Service	34
Lloyds Bank	29
Lucas Inds	48
Marks & Spencer	15
Midland Bk	35
Morgan Grenfell	28
NEI	12
Nat West Bk	45
P & O Dfd	48
Plessey	15
Polly Peck	28
Racal Elect	25
RHM	32
Rank Org Ord	63
Reed Intnl	38
STC	24
Sears	13
TI	32
TSB	9
Tesco	12
Thorn EMI	55
Trust Houses	24
T&N	16
Unilever	42
Vickers	15
Wellcome	42
Property	
Brit Land	38
Land Securities	52
MEPC	50
Oils	
Brit Petroleum	21
Do. (P.Pd)	12
Burmah Oil	48
Calor	35
Charterhall	2½
Premier	9
Shell	85
Ultramar	21
Mines	
Cons Gold	100
Lonrho	38
RTZ	40

This service is available to every Company dealt in on Stock Exchanges throughout the United Kingdom for a fee of £905 per annum for each security.

FINANCIAL TIMES
Weekend March 11/March 12 1989

Directors at NTT take cut in pay over Recruit scandal

By Stefan Wagstyl in Tokyo

THE DIRECTORS of Nippon Telegraph & Telephone, Japan's largest company, yesterday agreed to take a pay cut to show their regret over the group's involvement in the Recruit financial scandal.

Mr Haruo Yamaguchi, the president, will have his pay cut by 20 per cent for six months. Six senior directors will lose 15 per cent over the same period, and 28 other directors will lose 10 per cent.

NTT declined to say how much their directors earn. Directors in Japan earn substantially less than their counterparts in the US or Europe, but generally enjoy a wide range of perks, including chauffeur-driven cars and company holiday homes.

The decision highlights the Japanese view that a group is responsible for the actions of the individuals that belong to it.

In 1985 Mr Yasumoto Tagaki, the president of Japan Air Lines, resigned following a Jumbo jet crash in which 520 people died. Two years later the president of Toshiba, the electronics group, resigned after a subsidiary was found to have exported machine tools illegally to the Soviet Union. Last year Mr Tsutomu Kawara resigned as head of the Defence Agency after a submarine collided with a fishing boat.

In the case of NTT, Mr Hisashi Shinto, the former chairman, resigned last December after details emerged of NTT's involvement in the Recruit affair, which concerns the distribution of cut-price stock to businessmen and politicians.

However, Mr Shinto quit because of his personal involvement. He was arrested this week on allegations that he accepted shares in Recruit Cosmos, a property company, in return for helping Recruit, its parent company, start a business in telecommunications. Three other former senior NTT executives have also been arrested.

● Three key people involved in the Recruit scandal were rearrested yesterday on new charges. Mr Hiromasa Ezoe, former chairman of Recruit Company, and Mr Hiroshi Kobayashi, who once headed the firm's financing arm, faced further bribery charges. Both were indicted for bribery last week. Mr Toshihiro Ono, another former Recruit executive, was charged with bribing Labour Ministry officials.

Quayle hits at Democrats over rejection of Tower

By Peter Riddell, US Editor, in Washington

MR DAN QUAYLE, the US Vice-President, yesterday strongly attacked Senate Democrats, dramatically undermining attempts by Congressional leaders and the White House to heal the rifts caused by the Senate's rejection on Thursday of Mr John Tower as Defence Secretary.

Mr Quayle's attack came as President George Bush prepared to move quickly in proposing a replacement Defence Secretary. The people being floated by the White House are former Congressmen, Administration officials and businessmen with impeccable private lives who would not face the scrutiny experienced by Mr Tower.

These include former Representative Jack Edwards of Alabama, Senator William Cohen of Maine, Mr Paul O'Neill, the chairman of Alcoa, the aluminium group, and Mr Norman Augustine, the chairman of Martin Marietta.

As leaders of the Democrat-controlled Congress sought to be conciliatory, Vice-President Quayle accused the Senate Democrats of engaging in a "McCarthyite mud-slinging campaign" and of trying to undermine the presidency because of their frustration over losing five of the last six presidential elections.

In a speech in his native Indiana, Mr Quayle said: "Everyone understands that this is not politics as usual – that this trial and conviction by rumour is a violation of standards of decency that hasn't been seen on the Senate floor since the days of 'tail-gunner' Joe" – a reference to the late Senator Joseph McCarthy, whose name became synonymous in the 1950s with smear tactics against alleged Communists in the US government.

Mr Quayle argued that "those who engage in a McCarthyite mud-slinging campaign piously claim to be the stern upholders of public morality. Senate Democrats are escalating their attack on the powers of the president."

Mr Quayle's attack was strongly reminiscent of the language used by Mr Spiro Agnew when he was Republican vice-president from 1969 to 1973. Mr Agnew took an aggressive role while, as now, the White House was officially conciliatory.

The Vice-President's speech contrasts with President Bush's call on Thursday "to come together and move forward." The strength of his language infuriated leading Democrats who have been saying that the vote against Mr Tower was not intended to harm the President.

In particular, Senator Sam Nunn, who was principally responsible for organising the defeat of Mr Tower, argued that there were no winners in the fight over the nomination.

He adopted a conciliatory tone in a speech to a conference in Philadelphia of the Democratic Leadership Council, a group seeking to move the party to the centre. He warned that the party faced a formidable task in seeking to regain the White House.

The Tower affair, Page 7

Court blocks fishing protection law in constitutional precedent

By Tim Dickson in Brussels

GOVERNMENT moves to protect Britain's fishing fleet from what are seen in London as a growing armada of Spanish "poachers" appeared to have run aground yesterday in the High Court.

In an unprecedented ruling the court directed that UK legislation to outlaw foreign ownership of British registered vessels should not be applied to the owners and managing companies of 95 specified boats until the European Court of Justice had given its verdict on the issue.

It is understood to be the first time that a British court has interfered with an act of parliament in this way.

The Government said last night it would challenge the decision in the Court of Appeal on Monday.

The latest developments add fuel to a row which has been simmering in Brussels for several months and threatens to undermine the whole basis of the European Community's Common Fisheries Policy.

The row centres on the controversial practice of "quota hopping," whereby vessels from other community states, in most cases from Spain, have been registering as British or Irish boats in order to take advantage of those countries' national fishing quota allocations.

The practice is estimated to have cost genuine British fishermen about £17m in lost income in 1987. To try to end it, the Government inserted a clause into the 1988 Merchant Fishing Act which would exclude from the UK register vessels which are not 75 per cent British-owned from the beginning of next month

The move has infuriated the Spanish Government, prompted a reluctant European Commission to start its own legal proceedings on the grounds that restrictions on nationality are contrary to the Treaty of Rome, and inspired the separate legal action by a group of mostly Spanish vessel owners which led to yesterday's surprise court ruling.

Lord Justice Neill said that 20 years ago it would have been "unthinkable" for the High Court to question the validity of an act of parliament. But the courts now had a duty to give effect to European Community law – and, where there was a conflict to prefer it to national law.

"One cannot over-emphasise that, where applicable, community law is part of the law of England," he said. The European Court was in a far better position to examine the far-reaching issues in the case.

In the meantime the 95 should be allowed to continue in business as they would suffer disastrous financial consequences if the Government ban took effect on April 1.

On past experience the Luxembourg timetable could take 12 to 18 months. By then the political debate will almost certainly have moved on. The European Commission, for example, is due to discuss the quota-hopping issue on Wednesday and is bound to be under increasing pressure to come forward with its own proposals to resolve the dispute.

While Brussels takes the view that the nationality requirements in the Merchant Shipping Act are wrong, officials also recognise British arguments that the EC's whole fisheries policy rests on national shares and that the European Court has traditionally upheld the principle of national quotas.

CHIEF PRICE CHANGES YESTERDAY

FRANKFURT (Dm)			
Rises			
BMW	518.5	+	3.7
Lufthansa	159.5	+	1.5
Volkswagen	348.7	+	3.6
Falls			
Bayer Hypo	355	–	5
Conti-Gummi	245	–	3.5
RWE	245.5	–	3

NEW YORK ($)			
Rises			
Philip Morris	113⅞	+	¼
Time Inc.	115¾	+	3⅝
Warner Comms.	48⅝	+	1½
Falls			
Am. Express	30⅛	–	½
Texas Air	13⅛	–	⅜
Upjohn	29⅛	–	⅜

New York prices at 12.30.

PARIS (FFrs)			
Rises			
Dumenil Leble	1035	+	25
Sogerap	363	+	23
Falls			
Facom	1180	–	50
Maisons Phenix	87.9	–	3.2
Primagaz	675	–	27
Scoa	72.1	–	3

TOKYO (Yen)			
Rises			
Keisei Elect.	2600	+	310
Suzuki Metal	806	+	93
Tokyo Soir	1250	+	130
Falls			
Japan Battery	986	–	54
Mitsui Const.	1350	–	80
Nichia Steel	1120	–	80

LONDON (Pence)			
Rises			
Alexon	381	+	9
Antofagasta	384	+	20
Arlington Sec.	194	+	12
Cable & Wire	489	+	10
Dixons Grp.	168	+	14
European Leis.	91	+	8½
Glynwed Int.	330	+	6
Jaguar	327	+	5
Neill (James)	261	+	19
Parkland A	182	+	13
P & O Defd.	702	+	19
Prowting	166	+	16
Reed Int.	435	+	9½
Std. Chartered	562	+	9
TMD Advertising	252	+	21
UK Paper	227	+	11
Ward Hldgs.	151	+	14
Falls			
Brit. Land	365	–	6
Northern Foods	302	–	5
Sale Tilney	221	–	15
WPP Grp.	743	–	14

WORLDWIDE WEATHER

		Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F			Y'day midday °C	°F
Ajaccio	S	16	59	Dallas †	S	6	43	Madeira	S	21	70	Prague	S	9	48
Algiers	S	16	61	Dublin	F	8	46	Madrid	S	15	59	Reykjavik	F	1	34
Amsterdam	C	12	54	Dubrovnik	S	16	61	Majorca	S	16	61	Rhodes	S	17	63
Athens	S	16	61	Edinburgh	F	8	46	Malaga	C	15	59	Rio de Janeiro	–	–	–
Bahrain	C	25	77	Faro	S	19	66	Malta	R	13	55	Rome	S	17	63
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

C—Cloudy. Dr—Drizzle. F—Fair. Fg—Fog. H—Hail. R—Rain. S—Sunny. Sl—Sleet. Sn—Snow. T—Thunder.
† Noon GMT temperatures

Foreign BAe stakes breach 15% ceiling

By John Thornhill

BRITISH Aerospace said yesterday that the government-imposed limit on foreign holdings of its shares had been breached because overseas investors controlled more than 15 per cent of the company.

Mr Dudley Eustace, BAe finance director, said the company would force a reduction in the holdings.

It is expected that the last foreign shareholders to appear on the register when the 15 per cent limit was breached – it is now put at a minimum of 15.11 per cent – will be the first to be compelled to sell.

Rolls-Royce, which was privatised with a similar 15 per cent limitation on foreign ownership, also warned yesterday that there was an "increasing risk of the limit being exceeded." It said that 14.3 per cent of its shares were held by overseas investors.

The British Government was asked by the European Commission a year ago to justify the limit.

Under EC law, member states must give each others' citizens the same treatment "as regards participation in the capital of companies" unless essential security risks are at stake.

No final decision has yet been taken by the EC on this matter.

Yesterday's statements by the two companies are in effect a warning to other potential foreign shareholders not to increase their stakes.

However, as shares bought in the market only appear on the share register about two weeks after purchase, it is possible that foreign-held stakes have moved still higher than the levels reported yesterday.

Early last year, some foreign shareholders in Rolls-Royce were forced to sell excess shares, many at a considerable loss, after the 15 per cent ceiling was broken. Mr Eustace said: "We have now joined Rolls-Royce in this rather embarrassing situation."

Debt

Continued from Page 1

day was the public statement of support from Japan.

In the past there have been differences between the US and Japanese administrations on how to tackle debt issues, with the US relucant to agree to a larger increase in the latter's say in the IMF.

However, following intensive recent discussions, including a visit to Tokyo last weekend by Mr Charles Dallara, the US Assistant Secretary for International Affairs, an agreement has been reached which ensures that Japan will provide more finance and opens the possibility for its greater involvement in the IMF following a quota increase.

Mr Brady throughout stressed the importance of measures in debtor countries to promote free markets and to attract new equity investment.

He underlined the need for countries to deal with the large, and growing, problem of capital flight.

He said a key element was the negotiation of a general waiver of the so-called sharing and "negative pledge" clauses in agreements for debtors, under which all leading banks are guaranteed equal ranking in claims on debtors.

This should facilitate an orderly process, lasting perhaps three years, whereby banks could negotiate debt or debt service reduction

He argued as well that banks should remain interested in providing new money for these countries.

Birds Eye to close factory and lose 1,000 jobs

By Christopher Parkes, Consumer Industries Editor

BIRDS EYE WALL'S, Britain's biggest frozen food maker, is to close its Kirkby, Merseyside, factory with the loss of almost 1,000 jobs. It blamed its workers for the decision, announced yesterday.

The company, a subsidiary of Unilever, the Anglo-Dutch consumer products multinational, said the workforce of 600 men and 400 women had failed to accept modern working practices. "Manufacturing costs at Kirkby are way out of line with those of all our other factories," Mr Allan Price, chairman, said. "Its low productivity has been holding back the development of the business. The factory is no longer viable."

Production costs were double those in the company's other factories.

Kirkby's output is to be moved to the company's Grimsby and Hull works on Humberside, saving more than 400 of the 550 jobs which were to be lost there.

The Kirkby factory, opened 30 years ago, will close in September.

Mrs Margaret Thatcher – making her first visit to Liverpool in five years yesterday following the Government's announcement on Thursday of inner-city regeneration initiatives – said the closure was a double tragedy.

"They couldn't get productivity up and couldn't get costs down so Birds Eye are putting investment in a place where they can," she said. "We had hoped that that kind of reason was a thing of the past and could have been avoided."

The company is to spend a further £10m on Humberside to increase capacity on top of the £20m already committed in the past year.

About £10m was invested 12 months ago to increase capacity for the Captain's Table range of fish-based products. A further £10m was pledged last month for modernisation of the MenuMaster convenience food lines.

Birds Eye Wall's said the Humberside workforce had co-operated fully with its efforts to bring in modern working methods and reduce overmanning.

Two other factories at Gloucester and Lowestoft in Suffolk had also co-operated.

The company had tried for 2½ years to negotiate the introduction to Kirkby of new practices, cutting out demarcation, supervisory jobs and production down-time, Mr Price said, in a scheme similar to that accepted in its other four UK plants. These would have involved 380 redundancies, at improved terms, and a 13.5 per cent earnings increase for the remaining workers. "But we were unable to reach agreement . . . We came to a deadlock."

Mr Price said he appreciated the effect the closure would have in Kirkby, an area with 21 per cent unemployment, and was prepared to mount a special programme to help people find alternative work.

He said it was not productive to apportion blame: "We have failed to achieve agreement."

Training

Continued from Page 1

tainty about the TECs' freedom to set distinct local strategies.

"There is a potential for conflict there. If there is no scope to put their own ideas forward, the directors will wonder why they got involved," said Mr John Bridge, chief executive of the Northern Development Company.

Another doubt was raised by Mr Derrick Reding, personnel director of Northern Engineering Industries, the largest local private sector employer, who feared TECs could undermine national training of mechanical engineers.

Mr Reding recalled the building of national pay and training deals in the 1960s. "We restored order out of chaos through a lot of hard work. I think it is the old story: a new generation has forgotten the lessons of the past," he said.

But for most of the Tyneside employers, TECs were an opportunity to shape training at a time when they are threatened by skills shortages and a tightening labour market. They believed this would ensure TECs were taken seriously.

"There are still going to be edicts coming down saying that we will have to run this or that scheme, but I think there will be room for manoeuvre," said Mr Alan Whittle, manufacturing director of Wavin Industrial Products, a plastic piping maker.

THE LEX COLUMN

Eyes down for a boring Budget

After the Bundesbank had ducked out of the interest rate spotlight earlier this week, it was bound to be the US's turn yesterday. But the employment figures, though more robust than the market would have liked, were within the margin of error; and wage rates, in particular, show no signs of upward pressure. The US economy, it seems, is neither slowing nor accelerating; the growth rate is maybe half a point faster than the Fed would like, and inflation putters on upwards. So further tightening is still on the cards; but if next Wednesday's US trade figures show the slight improvement the market is looking for, there could be a lull in the meantime.

If both the US and West Germany have gone into neutral, the foreign exchange markets will be the more interested in the specifics of what Mr Lawson has to say on Tuesday. This has been billed as a cautious, not to say boring Budget, if only because the markets have convinced themselves that the Chancellor has very little room for manoeuvre. The signs are that consumer spending has now been squeezed at least as hard as necessary, with John Lewis – the classic bellwether retailer – talking on Thursday about a fall in this year's profits.

But the markets will be vigilant for any sign of fiscal or monetary slackness; and whether or not it is fair to blame the Chancellor for last year's tax giveaway – rather than the cuts in base rate which accompanied it – sterling will be on tenterhooks. Mr Lawson has a deserved reputation for ingenuity, and has a taste for thematic Budgets. If he wants to skirt around his central dilemma, what price a Budget for the Greens?

Coats Viyella

The most comforting thing one can say about the Coats Viyella share price at the moment is that it has been here before and lived to tell the tale. Coats may have lost two thirds of its value relative to the market over the past 15 months, but in relative terms it has never been much lower. And while the market is quite capable of ignoring the safety net which seems to have kept Coats from free fall in the past, the signs are that it is not in the mood to do so now: if profits have bottomed out at these embarrassing levels, the share price should manage to do the same.

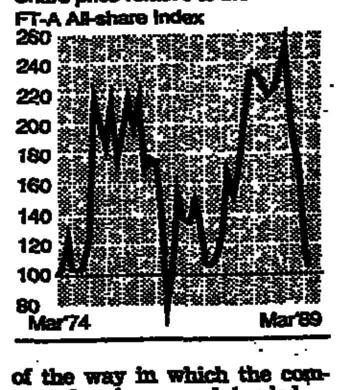
But even those who approve of the way in which the company has been crash-landed – arguing that the restructuring has been comprehensive, if tardy, and ruthless to boot – wonder what it will take to achieve lift-off yet again. Sterling and Coats' costs are less of a problem than they were last year at this time, but the outlook for consumer spending in the UK is that much worse. The fact remains that Coats is among the select band of British companies which suffer earliest and worst from interest rates and the currency, and there are no prizes in the market for the vulnerable.

Neither is there much in the way of recognition for the sensibly well-prepared: Courtaulds, which is far less exposed to textiles than Coats and better able to deal with the exposure it does have, is on a prospective p/e about a quarter lower than its troubled rival.

FT Index rose 10.8 to 1,724.9

Coats Viyella

Share price relative to the FT-A All-share Index



Balanced accounts

The Government is adept at manipulating economic statistics, and yesterday's careful attempt by the CSO to balance the national books might seem one of its best manoeuvres so far. It is hard to take seriously any official study that suggests the current account deficit figures are too high, especially when it is announced at the same time as particularly horrific balance of payments figures.

Mr Lawson will doubtless extract maximum political mileage from the CSO's work, but that does not mean that the statistical exercise itself is simply a political trick. The existing figures are in a fiendish mess – as was made clearer than ever yesterday by a balancing item that was even bigger than the enormous £14.7bn trade deficit – so any attempt to tidy them up should be welcomed.

Some might argue that the CSO has simply taken a pile of numbers that do not add up, and forced them to do so, thereby adding nothing to the sum of economic knowledge. It is true that the balanced accounts do not actually improve the quality of the raw data as such. Moreover, as the CSO itself points out, the revised accounts are only as good as the assumptions of its statisticians in allocating the balancing item. Still, it is hard to believe that those assumptions can be worse than none at all; and it is also encouraging that the suggested revisions – a lower trade deficit, a higher savings ratio and so on – are more or less what one would have expected from the anecdotal evidence.

Unfortunately, none of that lets Mr Lawson off the hook. Not only is there much more work to be done on the balanced accounts if they are to replace the old ones, but no amount of balancing can alter the fact that the trade deficit is growing, and that something needs to be done about it.

Philips

As the debate about takeovers and reciprocity rumbles on, there are moments when one sees the CBI's point. This week's proposal from the Dutch group Philips to slam the door against takeover comes from a company whose net return on equity in the last decade has averaged less than 5 per cent, and whose shares stand at less than half net asset value. Shareholders, it seems, have little to thank their board for; but they are being asked to approve a scheme which, in the event of a bid, would take away their power to vote. As Lord Young might say, if they go along with this kind of economic efficiency, that is their problem; but what if Philips were to mount a hostile bid for Ferranti or Racal?

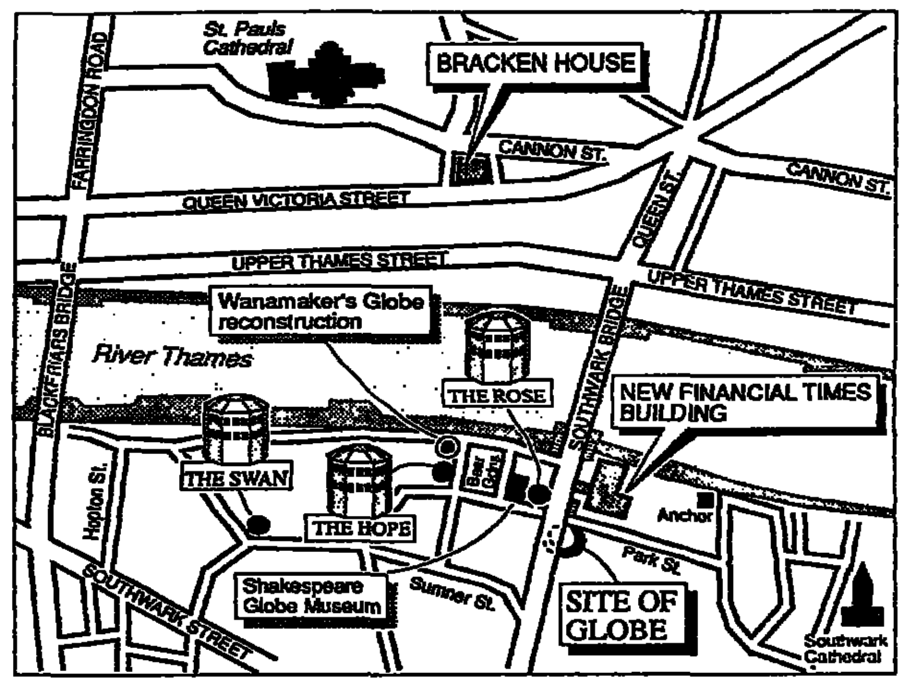
There is a wider issue here, as Philips' chairman pointed out in a speech to the European Parliament earlier in the week. Europe's surviving electronics companies are up against the Japanese, who enjoy not only freedom from takeover, but a degree of protectionism in their home market. It is at least consistent of Philips to want to insulate both its markets and its corporate structure from competition. But on its record, there seems no reason at all why it should be allowed to.

Weekend FT

SECTION II. Weekend March 11/March 12, 1989

We're on top of the Globe!

As the Financial Times crosses the river, to the south of Southwark Bridge, Christian Tyler reveals plans to uncover Shakespeare's Globe Theatre, buried for 350 years



WHEN THE Financial Times crosses the river at Easter to London's original red-light district it will find itself sitting – almost literally – on the biggest Shakespearean story for years.

From the tinted windows of a hammer-headed office block by Southwark Bridge we shall be looking down, west, on the first discovered remains of a Tudor theatre, the Rose. The discovery, announced a few weeks ago, has swept archaeologists, historians and theatre folk off their feet.

But from the south side we will be watching an even bigger story unfold: the search for the most famous theatre in history, Shakespeare's Globe, his "Wooden O", where *Hamlet, King Lear, Othello, Richard III* and another dozen of his plays were first performed.

This week, while the site of the Rose swarmed with visitors, a mechanical digger was quietly tearing up the concrete of the nearby car park which scholars are certain covers part of the site of the Globe. Negotiations between Museum of London archaeologists and Hanson Properties, owners of the site, will result in permission to carry out a three-month test dig. A spokesman for Hanson Trust yesterday confirmed the agreement.

The chances of finding foundations of the Globe are "quite good", according to George Dennis, the archaeologist who has been handling the negotiations. If the marshy ground of Bankside has preserved pieces of the Rose, there is every chance that the Globe, buried under Courage's brewery until a few years ago, may come to light. There are almost certainly Roman remains there: but Roman remains are two a penny in London, while tangible evidence of Shakespeare's own theatre, in which he performed and in which he had a financial stake, has never been found.

None of the experts will predict how much of the Globe survives after nearly 350 years. However, the site has not been much disturbed, being covered by the brewery for some 200 years. It has not suffered, as the Rose site has, from 1950s piledrivers.

The repercussions of a find can be imagined. Physical contact with the Globe would trigger off a new bout of research into the least-known best-known figure in English history. From the barest physical clues archaeologists say they can make important deductions about such intangibles as the actor's performance and his communion with the audience.

Present-day actors and directors will be able to read Shakespeare's lines afresh. Historians will be able to fill out their knowledge of what kind of people we used to be: they have already learned from the Rose site that the "groundlings" who jostled around the apron stage chewed hazelnuts during the performance much as today's cinemagoers eat popcorn. "The Globe is probably the most potent theatre site in the world," said Colin Sorensen, keeper of the modern department at the Museim of London.

Inevitably, pressure on the Government to grant a mandatory stay of execution over the furious pace of redevelopment on Bankside will redouble. The discovery of the Rose has already led to questions in Parliament; Simon Hughes, the local MP, expects the Department of the Environment to reply on Monday. But the fate of the Globe's remains would be a matter of international importance. They might well qualify as a World Heritage site. Should the remains be excavated and covered over again, exposed and protected, or removed to some other place for permanent exhibition? "The ramifications are far wider even than the discovery of the Temple of Mithras in the Fifties," said Michael Hammerson of London's archaeology team.

There is some irony in the fact that it is the developers, unleashed after years of blocking by local planners, who have done most to bring Bankside's exotic history suddenly to life. What is being gained in terms of archaeology, however, is being lost in terms of atmosphere. Until very recently, the dirty alleyways and gloomy 19th century warehouses of old Southwark reeked of history.

Now croissant counters are driving out the hardware shops and well-spoken financial managers brush shoulders with wandering down-and-outs. Southwark Cathedral's Chapter House Restaurant advertises breast of duck in a green peppercorn sauce for £6.25. The George, last of the galleried coaching inns on the road to Canterbury, where Dickens used to go to find characters for his novels, is still preserved, freshly-painted and offering T-shirts for £5 instead of stabling for horses at 1s. 6d a night.

Long before the City and the FT stepped over the river, the citizens of London had been crossing to the other side for their pleasures. Not only the theatre, but the circus and later the music hall developed on the South Bank. For centuries Southwark was famous for its brothels, run as a kind of franchise operation by the London bailiffs of the bishops of Winchester. From 1277, prostitutes were forbidden to live within the City walls. There were stews in Cock Lane, Smithfield, but the real red-light district was across the water. A 15th century *Customary of the Southwark Stews* describes in somewhat hypocritical terms the "gret multiplicacion of orrible synne upon the syngle women". Inspectors extracted fines from householders for keeping more than a wife, a washerwoman and an ostler (male) indoors. A woman was allowed to live by her body, as the regulations put it, but was fined if, for example, "she drawe any man by his gowne, or bi his hood, or by any other thynge."

Bear-baiting, bull-baiting and even horse-baiting were popular Sunday afternoon diversions. They were conducted in arenas of the same shape as the first purpose-built theatres: indeed, the Hope theatre was designed in 1614 for both spectacles, rather like the theatre-cinemas of the 1920s. The stage-sweeper at the Hope kept the apples thrown by the theatre crowd to feed to the bears later. A revolted 16th century visitor described the sight of a "blind and weeping" bear called Harry Hunks being whipped by six men until the blood ran down his shoulders. An advertisement at the Bear Garden announced that a group of Essex "gamstirs" would lay a fiver against all-comers willing to pit five mastiffs against a bear. The programme promised "also to wearie a bull dead at the stake and for your better content shall have pleasant sport with the horse and ape and whiping of the blind beare. Vivat Rex."

The same people who watched this kind of grisly scene were the theatre audiences whose participation shaped the drama and literature that suddenly flowered in writers like Marlowe, Jonson and Shakespeare. We forget that modern drama emerged only in 1576 when the first purpose-built playhouse for a captive audience was founded. Until then plays had been staged by roving companies of "vagabond actors" on street barrows, at fairgrounds, in the yards of galleried inns, or in the drawing rooms of the gentry. Noble families had their own entertainment, longwinded masques put on to curry favour with the monarch in which, says Sorensen, there was a lot of dressing up and posing with symbols of classical mythology but very little in the way of acting.

> "But pardon, gentles all,
> The flat unraised spirit that hath dar'd
> On this unworthy scaffold to bring forth
> So great an object: can this cockpit hold
> The vasty fields of France? Or may we cram
> Within this wooden O the very casques
> That did affright the air at Agincourt?"
> (*Henry V*)

As the famous prologue to Shakespeare's *Henry V* makes plain, the Wooden O had few props and no scenery. The playwright had to paint his scenery in words - hence the abundance of simile in Shakespeare's verse. Everything was left to the imagination, and the audiences loved it. The population of Tudor London was only about 160,000, according to Ronald Harwood in his *All the World's a Stage*. Yet 20,000 people a week went to the theatre. "There was spontaneous combustion," said Sorensen. "It was the audience that created the theatre."

This powerful combination of physical intimacy and imaginative energy was lost when the Puritans closed the playhouses in 1642. Drama moved indoors and audiences became passive observers, viewing the action through a proscenium arch, as if through a window, and relying on props and scenery for the context.

Some specifications survive for two of the early theatres but for the rest scholars have had to rely mainly on the impressionistic sketches and descriptions of foreign visitors like Wenceslas Hollar from Bohemia. The playhouses were unique to London, yet no Londoner seemed to realise it. Even the demolished theatres and cinemas of our own century are scarcely recorded except in the heads of their former patrons.

The Globe, built in 1599, was actually a reconstruction of London's first playhouse, The Theatre, put up by James Burbage in 1576 at Holywell Lane just north of Liverpool Street station. When the landlord tried to enforce a rent rise by threatening to tear the theatre down, Burbage's sons Cuthbert and Richard called his bluff by taking it down themselves and carting the timbers over to Bankside. The Burbages owned half of the new Globe; the other shareholders were Augustine Phillips, Thomas Pope, John Heminges, William Kempe – and William Shakespeare. The shares were traded, but Shakespeare kept his for at least 13 years. All were players of the Lord Chamberlain's company, and with Richard Burbage as their leading man in the four great tragedies, they made the Globe pre-eminent. *Hamlet* seems to have been the most popular play in the repertoire.

During a performance of *All is True* (or *Henry VIII*) in 1613 a stage cannon set fire to the roof thatch and the building was destroyed in a two-hour conflagration. Remarkably, considering there were only two doors and an audience of possibly more than 2,000, no-one was hurt. The theatre was rebuilt for £1,400 on the same foundations but to a sightly different design and with a tiled roof. Contemporary accounts say it had a capacity of 3,000.

Across the road, the Rose specialised in blood and thunder. It had been built 12 years before the first Globe, for Philip Henslow. His son-in-law was Edward Alleyn, another great actor who went on to found Dulwich College. Leading a company called The Lord Admiral's Men, Alleyn created the title roles of Marlowe's great plays, such as *The Jew of Malta, Dr Faustus* and *Tamburlaine*.

So far the archaeologists have turned up footings of the outer and inner frames that supported the two tiers of galleries. The Rose had 16 or 18 sides and a circumference of less than 94ft. The floor of the pit where the groundlings stood was lower than the surrounding level and appears to have been of compacted mortar. Here were found thousands of hazelnut shells and pieces of lath and external plasterwork. The position of the apron stage has not been determined, but this week some "structural anomalies" were discovered on the north-west side. This suggests to Julian Bowsher, senior archaeologist on the site, that they have uncovered lateral alterations known to have been made to the "tiring house" (dressing rooms above the stage). The team has been given a further extension, to mid-May, by the site's developers, Imry Merchant Properties.

No-one is watching the excavation more keenly than the American actor-director Sam Wanamaker whose 20-year ambitionto reconstruct a Globe Theatre on Bankside seems now about to be fulfilled. His trust has raised £3m of the £18m it needs and in the next few weeks will be signing up the main contractor whose identity has not yet been revealed.

Wanamaker is putting up a 24-sided Globe of timber, wattle and daub near the old bear garden. Its roof will be tiled and there will be four doors instead of two to satisfy London fire regulations. For the same reason the reconstructed Globe will have a capacity of only 1,500 – that, and the fact that modern playgoers are bigger and are unwilling to be penned in cheek by jowl like sheep on market day. A 40ft diaphragm wall has already been sunk to keep the Thames out. The plans include a museum beneath the Globe; around it will be shops, dressing rooms and an indoor theatre to an extant plan by Inigo Jones, England's first Renaissance architect.

The shape of Wanamaker's Globe is sound conjecture, but conjecture none the less since so little is known about the original. It remains to seen how much his architect's design will be modified by events at the two neighbouring digs.

Flanked as it will be by two sites of great archaeological importance, the FT might appear to be in danger of some embarrassment itself. Fortunately, we have no cause to be pink with shame: we shall actually be sitting on nothing more important than a mediaeval inlet and some reject pottery – or so the Museum of London assures me.

The Long View

Lawson buries his Budget treasure

LIKE THE CAT that can't quite get at the cream, Nigel Lawson is doomed to have a frustrating afternoon on Tuesday. The great tax-cutting Chancellor will be forced to budget for a very large fiscal surplus in the coming financial year.

It might be possible to divert attention with a bit of nonsense about the merits of repaying the national debt. But the central puzzle will remain. How is it that, after so many years in which British chancellors have been struggling to hold down the Budget deficit, we are suddenly running persistent surpluses? And why is it that these surpluses cannot simply be given back to the citizens whose over-taxation they represent? We are talking about a likely public sector debt repayment (PSDR) of £13bn for 1988-89, rising to possibly £18bn next year in the absence of any tax measures. The treasure is being buried.

The official Government line is that we are experiencing a supply side revolution. Years of Thatcherism have stimulated the private sector progressively into an enterprise-based boom, and it is not surprising that the balance of payments has deteriorated temporarily as capital goods are imported to build tomorrow's larger and more efficient production capacity.

My own view is rather different. Liberalisation of economic policy certainly lies at the heart of the present paradox, but we need to explain why there has been such a surge of consumer demand and why the personal sector has decided to embark upon an almost unprecedented borrowing binge, culminating in the collapse in the savings ratio to just 1.3 per cent by the third quarter of 1988.

We also need to explain why the Treasury and almost all economic forecasters got 1988 so badly wrong. Something rather fundamental is missing from their economic models.

The answer, I think, goes back to the liberalisation of credit. During its first term, the Government abolished foreign exchange controls and relaxed internal restraints on bank lending. By 1985, it had abandoned almost all attempts to control the broad monetary aggregates. The full implications of those policy shifts have become apparent only with the return of consumer confidence late in the 1980s.

Remarkable increases in indebtedness have been seen. Outstanding house mortgage debt rose by some £40bn (over a fifth) in 1988 and there was some £10bn of other new personal borrowing. The impact on final demand swamped any tinkering carried out by Lawson in last year's Budget, when the sums involved in his tax changes totalled no more than £4bn.

For whatever reason, the personal sector has decided to plunge itself into financial deficit: spend now, pay later.

The personal sector's borrowing spree has left the Chancellor in a scarcely believable quandary as he finalises Tuesday's Budget statement

Arithmetically, since surpluses and deficits balance out, other sectors of the economy have therefore been driven into unusually large surplus. This has happened to both the overseas sector (in other words, there is a substantial balance of payments deficit) and the public sector. Hence next Tuesday's problem: if taxes are cut to reduce the PSDR, the overseas sector surplus might expand even further.

As the Chancellor likes to say, this is a private sector problem. There will eventually be a private sector solution. But it might not be a very comfortable one. This kind of credit-based boom raises prices of assets, notable property, and pushes up wages. Industrial costs therefore rise, companies become uncompetitive compared with their overseas counterparts, and a corrective recession is triggered.

Imagine if we were already in monetary union with Germany. At German interest rates, the credit binge would be even more frantic (indeed, some lenders are now promoting foreign currency mortgages). But Britons speculating in property would burn their fingers quickly. Banks would suffer heavy bad debts. Expensive lessons would have to be learned. And the British Government would not be able to do much about all this because it would have no independent monetary policy. It would be in the position of, say, the state government of Texas in relation to Washington. No wonder Margaret Thatcher is opposed to entering the EMS.

As it is, the Government has been able to deploy the weapon of higher interest rates, which have cooled the demand for credit. But there is no way of knowing if the personal sector has completed what is a kind of stock adjustment – a shift in the ratio of its monetary liabilities to its assets. At the end of 1983, the non-business personal sector had bank deposits of £40.8bn and borrowings of £29.6bn. By the end of last year, deposits were £68.4bn but debt had leapt to £79.6bn.

Personal assets have climbed much faster, of course. Robin Leigh-Pemberton, governor of the Bank of England, pointed out in a speech this week that although personal sector liabilities have risen by £230bn since 1980, the sector's assets have climbed by well over £1,000bn. But values dependent on borrowing can prove volatile.

Remember that the Government has deprived itself of the mechanisms of credit controls, which were used in the past to control awkward personal sector behaviour. This leaves it with just one way to bail out a private sector that has over-reached itself, and faces a property crash and a wages squeeze in order to restore competitiveness. It can devalue the currency, giving a formal external recognition to internal inflation.

Against this kind of background, traditional Budget decisions about whether or not to cut 1p off income tax are rendered irrelevant. Lawson needs to warn people that their borrowing decisions could have grave consequences. It is good Toryism that power should be transferred back to the people. But do they know how to handle it?

CONTENTS

MARKETS

FINANCE & THE FAMILY: THIS WEEK

Abbey National: now it's up to the members

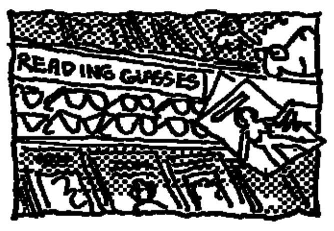
The Abbey National building society has now revealed its flotation plans. Its 5.6m members are now being sent ballot papers and a daunting transfer document, and the result is eagerly awaited. **David Barchard reports. Page III**

Breaking the Chancellor's code

John Edwards offers some informed speculation about the content of Tuesday's Budget and spells out some common ideas. **Heather Farmbrough** considers the future of employee share ownership plans and also looks at the latest Business Expansion Schemes. **Page VI**

Down by the riverside

Roy Hodson reports on a former stockbroker who bounced back from the sack to run Britain's biggest inland marina, two partners who are banking on future developments in biotechnology and an entrepreneur who is taking on the giants of the glasses market. **Page VIII**



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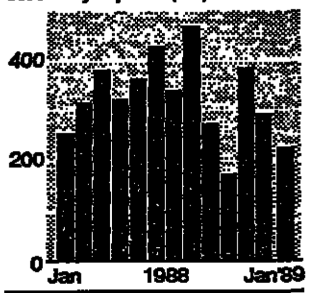
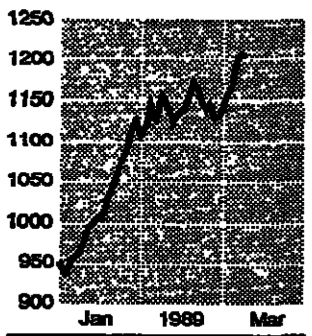
Consumer credit agreements

Changes in amounts outstanding seasonally adjusted (£m)



Building materials

FT-Actuaries Index



Consumer spending slows down

A slowdown in consumer spending, as the high interest rates started to bite, was confirmed in the latest figures issued by the Department of Trade & Industry this week showing the trend in consumer credit and retail spending. Seasonally adjusted, the amount outstanding on consumer credit agreement increased by about £0.2bn in January, compared with a rise of £0.3bn, in December. It continued the trend of reducing growth in consumer credit that started in the middle of 1988.

Meanwhile a revision of the retail sales volume for January showed a sharp drop of 2.4 per cent, after adjustment for seasonal variations. This was the biggest single monthly decline for two years. The slowdown in retail sales, which according to CBI/FT distributive trades survey continued in February, encouraged hopes in the stock market that interest rates had peaked. However a cut in interest rates was also considered unlikely at this stage in view of the need to protect the value of sterling on the foreign exchange markets. *John Edwards*

Building shares in the spotlight

Building and construction shares have stood out well this week in a market turned cautious ahead of the Budget. Analysts take the view that the sector will be largely unaffected by the sharp downturn in personal spending which is now showing; yet it will be the prime beneficiary of the easing of interest rate worries which steadied the equity market this week.

Moreover, the new plan to put a significant part of the Channel Tunnel rail links underground has highlighted the opportunities for the big construction firms as the UK remodels its infrastructure for the 21st century. Nikko Securities (Europe), commenting that "transport policy has moved from near the bottom of the Government's priorities to near the top," points to Tarmac, Trafalgar House, British Steel and Eurotunnel, which have already started to attract extra buying interest from investors. *Terry Byland*

'Backdated' insurance scheme

An insurance policy that motorists can take out AFTER an accident was launched this week by Motorists Legal Protection, of St, Albans, Herts. It claims that the policy is the first of its kind. Normally, to obtain insurance cover for losses arising from an accident, you have to have an existing legal protection policy in place. But with the new policy, you in effect pay Motorists Legal Protection to pursue your claim after the event.

You send details of the accident and losses sustained and the company then assesses the legal viability of the claim and decides on the cover it is prepared to give and the size of the premium. The premium consists of two elements; an initial payment and an adjustment payment based on a percentage of the amount recovered. If you accept the proposal, you pay only the initial premium. The adjustment premium is paid when the claim is finalised. *J.E*

Company goes-up equine policy

A new horse insurance policy, offering a no-claims bonus for owners who have not made a claim for two years or more, was launched this week by Robert Fraser, Worcestershire-based insurance brokers, who specialise in this sector of the market. Called Equicover, the policy is underwritten by Lloyd's of London brokers and claims to be first to offer a no-claims bonus on any insured horse which has been free of claim for the required period. The bonus starts at 15 per cent and rises to 25 per cent for a four-year no-claims period. Other discounts are also given in an effort to reduce premiums, which have soared in line with the rising cost of veterinary fees. *J.E*

LONDON

Lawson's balancing act could tip the scales

NIGEL LAWSON'S Budget next Tuesday will not only set the tone for the UK economy over the rest of 1989, it may well establish the mood in the equity markets for the remainder of the year.

After the January rally, the FT-SE 100 index seems to have settled into the 2,000 to 2,100 range, around 13 per cent above its trading area for most of last year.

However, that early-year rally was based on the belief that the Chancellor's strategy was working – that he was able to engineer the so-called "soft landing" in which inflation was squeezed out of the system without the economy plunging into recession.

There were hopes, for a time, that the Chancellor could cut interest rates before the Budget, but those evaporated in the wake of the current account deficit - which on yesterday's figures totalled £14.5bn in 1988 - and the rise in the inflation rate to 7.5 per cent.

Some statistics paint a different picture. The revised estimate of January retail sales figures showed a 2.4 per cent decline. The housing market has gone off the boil and demand for new mortgages has dropped consistently.

So the Chancellor has to walk a thin line on Tuesday. He must re-emphasise the Government's determination to reduce inflation. Any sign of a weakening of the Government's resolve on this issue might lead to a run on sterling by overseas investors, and that would exacerbate the inflationary pressures.

The markets will be watching closely to see what Lawson is forecasting for fourth quarter inflation. His Autumn statement estimate was 5 per cent, but that now looks distinctly optimistic.

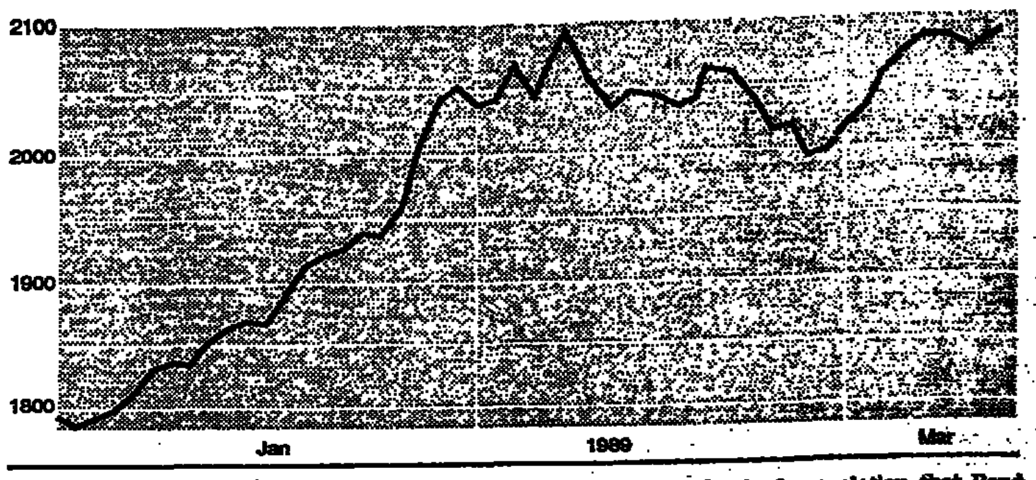
Equity investors will be prepared to accept a modest level of tax cuts, perhaps via the over-indexation of personal allowances, but they are much more likely to favour a Budget *that veers on the side of caution than of generosity, since a* giveaway Budget would weaken sterling and force a further rise in base rates.

So the chances are that Lawson will tinker with the tax structure rather than make drastic changes. The Chancellor is also expected to argue that the balance of payments statistics have consistently exaggerated the size of Britain's deficit.

The results season is now well under way with companies reporting their results for the calendar year 1988. This week's set of figures revealed few nasty shocks and strong profits increases from companies such as TI, BICC, GKN, Ladbroke and Williams Holdings.

So far this year, those companies which have reported disappointing figures have tended to be retailers or companies with consumer-related businesses such as Amstrad. *That was only to be expected,* given the Chancellor's attempts to rein in consumer spending through interest rate rises.

FT-SE 100 Index



Of course, 1988 results are just history. What will really affect the markets is a set of corporate announcements that current trading is poor and that 1989 figures will be below expectations.

Barring any disastrous results, or economic news, the markets can concentrate on their favourite pastime of speculating on takeover prospects.

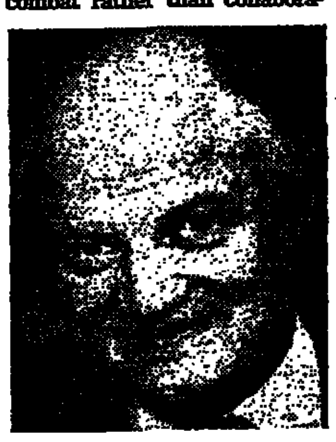
This week brought news of a new corporate double act. Goldsmith and Rothschild may not trip off the tongue as easily as Morecambe and Wise, but the news of their partnership put 33 per cent on the share price of Anglo Leasing, their chosen vehicle, in one day.

The company will be used to make acquisitions of UK companies "whose business can benefit from greater focus and improvement in operating efficiency." That could include Footsie stocks.

Sir James Goldsmith has a formidable reputation as a corporate raider after his activities in the US in the mid-1980s; he is also given plenty of credit for his shrewdness in liquidating a large part of his investment portfolio before the stock market crash. Jacob Rothschild, like Sir James, has something of a reputation as a maverick, having built up the Charterhouse J Rothschild financial services group and then dismantled it again.

Although the pair have co-operated many times in the past, their present collaboration seems to have special symbolic significance. If two such apparently shrewd operators believe that it is time again to invest in the UK equity market, surely it must be sensible for others to follow?

The two other big corporate stories of the week also feature pairs of forceful personalities, although this time locked in combat rather than collaboration.



Sir James Goldsmith: back on the UK investment trail

Alan Bond, the Australian businessman, this week appeared to admit defeat in his battle with Tiny Rowland, the chief executive of Lonrho, the UK-based conglomerate. Bond is putting up for sale his 19.8 per cent stake in Lonrho, which many people thought he was planning to use as a platform for a hostile bid.

Last year, there was a brief bout of speculation that Bond might become Tiny Rowland's heir apparent. However, as Bond gradually increased his stake he became the recipient of some detailed and hostile criticism from Lonrho about the state of his finances.

Whether the announcement of the sale will put an end to the matter is open to question. The asking price – 385p per share – may be calculated to give Bond a profit but is well above the current Lonrho market price. A buyer might not emerge.

Meanwhile, the £3.2bn bid battle between Consolidated Gold Fields and Minorco frequently seems to resolve around the personalities of Rudolph Agnew, Gold Fields' chairman and chief executive, and Sir Michael Edwardes, the chief executive of Minorco.

This week Gold Fields issued a defence document but there was no sign of a profits forecast or an total asset valuation for the company. Instead, the company produced a combination of data - some asset valuations, market prices and a profits forecast from one division – which Minorco promptly dismissed as "apples and pears."

The market consensus still seems to be that Minorco's offer of £14 a share is not enough, but it is far from clear what price will be needed to overcome the Gold Fields defence.

Philip Coggan

HIGHLIGHTS OF THE WEEK

	Price y'day	Change on week	1988/89 High	1988/89 Low	
FT Ord Index	1724.9	+27.4	1724.9	1349.0	Interest rate worry recedes.
AMEC	445	+30	463	315	Takeover speculation.
Anglo Leasing	461	+204	461	155	Sir James Goldsmith buys stake.
BICC	489	+31	498	302	Excellent preliminary figures.
Bosse Massimi	302	+52	318	180	Intimated French bid of 300p a share.
Cable & Wireless	489	+29	495	312	Cable deal with Sprint in US.
Coalite Grp.	421	+28	421	285	Takeover speculation.
GEC	248	+15	254	143	Gen. Electric of US stake-bidg hints.
GKN	391	+21	396	278	Final profits beat forecasts.
Johnson Matthey	385	+26	393	242	Revived bid speculation.
Miller & Santhouse	210	-225	472	193	Unexpected 20% drop in profits.
Ratcliffs (G.B.)	248	+68	250	75	Agreed takeover offer.
Sims Food Grp.	263	-69	442	260	Profits warning as sales fall.
WPP Grp.	743.	+31	764	403	Agencies excited by BMP news.
Wellcome	462	-25	559	368	Competition fears.

WALL STREET

In pursuit of equilibrium

THERE CAN be no mistake about it, the US economy is booming. But despite the headlines about the lowest US unemployment rate for 15 years, Wall Street remained surprisingly phlegmatic yesterday in the face of February's astonishingly strong labour market report.

There were two general explanations for the financial markets' insouciance about the news that the US had reached a state which most economists would have described a few years ago as "over-full" employment. The statistics showing that civilian unemployment fell to 5.1 per cent in February from 5.4 per cent the month before could simply have been misleading. Alternatively, investors, particularly in the stock market, could have decided that a little more inflation might not be the worst thing in the world. There seemed an element of truth in both points of view.

The markets have long since attuned themselves to watching monthly statistics on the growth of employers' payrolls much more closely than the unemployment rates. The unemployment figures depend crucially on the Labour Department's estimates of the number of people actively looking for work, and these estimates involve somewhat subjective interviews conducted around the country, with erratic results. Yesterday's sharp drop in the reported jobless rate had less to do with the growth of the US economy than with an *apparent shrinkage of 247,000* in the labour force. The biggest reason for the decline was a fall in teenage unemployment from 16.4 to 14.8 per cent.

Beyond these statistical quirks, there was nothing unexpected in the February jobs data. The crucial payroll employment total, which grew by 283,000, was only marginally higher than the market's consensus estimate of 250,000 to 260,000. It was well below the previous month's alarming growth rate of 415,000

But if this statistical nitpicking could offer some consolation, it was by no means sufficient to quell the growing inflationary concerns. For one thing, even the growth of 289,000 in payroll employment was probably too fast for comfort. It compared with an average employment gain of fewer than 240,000 per month in the six years since the end of the last recession. It suggested that the Federal Reserve Board's drive to slow the economy by tightening monetary policy was still far from achieving results.

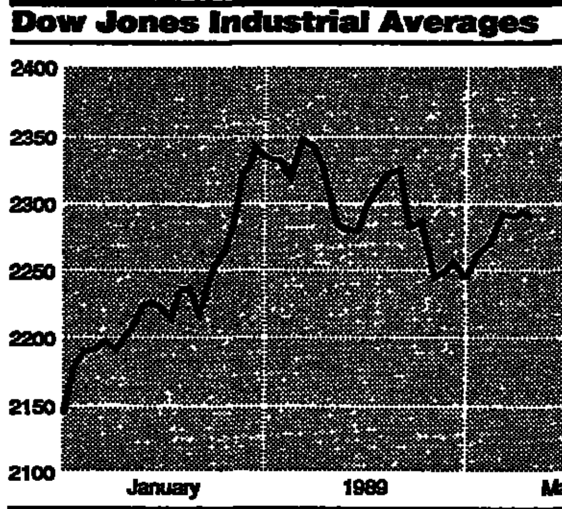
But what if higher interest rates are failing to produce a marked economic slowdown? Does this really matter to the stock market or is it, on the contrary, a reason for optimism? After all, the greatest danger for equity investors at this stage of a business cycle is not inflation itself, but the possibility of a monetary over-reaction which throws the economy into recession and slashes corporate profits. Perhaps the economy's underlining resilience means that the Fed will have the time it needs to calibrate its monetary pressure and ensure the dreamt-of "soft landing" for the US and world economies.

In many ways the "soft landing" looks more plausible today than it did even a few months ago. US inflation remains quite moderate, despite growing labour shortages in many regions. The foreign exchange markets have given no trouble, despite expectations that it would be on this front that the bloodiest battles for US and international financial stability would have to be fought.

Even the political and fiscal situation in Washington shows signs of stabilising. After the Tower fiasco, President Bush will have to go even further in compromising with Congress

Yet all these pointers towards a "soft landing" raise an all-important issue, which few investors are in the mood to address. The term "soft landing" suggests that economic conditions are gradually converging towards some kind of equilibrium. In reality, however, the present period of apparent stability is delaying the unpleasant choices which will have to be made before that equilibrium can be attained. The US trade deficit has stopped improving, and the longer the currency markets ignore this, the longer policymakers will overlook it too. Inflation may not be accelerating very rapidly, but it is not slowing. Political stalemate in Washington may produce a conspiracy of silence between the Congress and the White House, but US budget deficits will not vanish of their own accord.

Dow Jones Industrial Averages



Monday	2,298.24	+	20.53
Tuesday	2,290.71	−	4.11
Wednesday	2,295.54	+	4.83
Thursday	2,291.43	−	4.11

Anatole Kaletsky

JUNIOR MARKETS

Reflections on the name game

ROGER LEACH, chairman of mirrored panelling company Chelsea Artisans, is sick and tired of being thought of as third-best or even third-rate. So too is Jeff Gilbey, managing director of pallet makers Unit Trust.

Now Gilbey and Leach have decided to do something about it. This week they, and the heads of other constituents of the Third Market, announced a campaign aimed at dispelling what they see as the odious connotations that have attached to their companies since they *floated* on the Stock Exchange's youngest market.

An action group, comprising representatives of four Third Market companies but claiming the the backing of at least 12 others, has been formed. The main aim is to do away with the lingering public impression that the Third Market, set up two years ago as a forum for companies either too small or too young to join the Unlisted Securities Market, is similar to the old, unregulated over-the-counter market.

"People should realise," says Leach, "that in fact we are more like an elite club."

One change that might go some way to achieving this is to give the market a new name: the *junior equity market* has been suggested as projecting a more respectable and dynamic image.

It continues to irritate Leach that the prospectus that accompanied his company's flotation in 1987 carried a warning on the first page reading, in bold, *"this investment may carry a high degree of risk."* "Just like a cigarette packet," Leach remarks.

Although acknowledging that such a warning is sensible in the case of start-up companies, and that his company has an unusually long trading record compared with many others of the market, it still strikes him as unfair. Chelsea Artisans supplied the accountants with five years of accounts and answered 450 separate points when its £550,000 placing was carried out, at an cost of 20p per share – against an estimated 1p per share for the flotation of Rolls-Royce that took place at that time.

Indeed, one of the aims the group has announced in its manifesto is to "clarify the rules governing the Third Market so that 'best practice' [roughly, the greatest thoroughness possible] is not resorted to unnecessarily" during documentation drafting.

However, as David Michaels of the Third Market sponsor Guidehouse Securities points out, if it is advocating less detail, the group clearly runs the risk of undermining its own arguments for the market by appearing to encourage the lax practices that once brought the OTC market into disrepute.

However, in focusing on the prohibitive costs of flotation, the group has highlighted what appears to be an important flaw built into the market when it was devised: in its efforts to make it less regulated than the other markets, the Stock Exchange decreed that a company's sponsors would have to carry out most of the monitoring work.

This has restricted the market's growth, since sponsors have been very cautious in choosing which companies to support and have subjected them to rigorous scrutiny at the time of flotation.

But it has also had the effect – though this is not often noted – that, unlike the USM, so far not one company floated on the Third Market has failed. It has, instead, spawned a number of success stories, with a total of five companies, including the well-known mini-conglomerate Corton Beech, stepping up to the USM.

It is this kind of point that the group is hoping to get across, in addition to urging the Stock Exchange to look again at the market's rules. The Stock Exchange has said it will be more than happy to meet the action group.

Since the Third Market represents less than 1 per cent of the total capitalisation of the *London market, it* would be reasonable to assume that it will not be ranking top of the Exchange's agenda – though the Exchange has recently announced that it is about to embark on a wide-ranging review of new issue procedures in London, so representations may be timely.

As another part of the campaign, the group aims to aggregate information from the various constituent companies and supply them to securities firms in the City. This, it is hoped, will help the market to establish a "personality," much as the USM was able to do in its early days when the prominence of recruits from the electronics and oil sectors attracted attention to it.

However, one statistic about the market that the action group cannot avoid is the pitifully low number of companies that have joined. Despite expectations that 120 companies would join in the first year, just 58 have surfaced so far. Liquidity, moreover, is very low. The market in its entirety saw just 1,225 bargains transacted, for a value of £5m, in the week ending March 3.

Perhaps the group will be able to do something about this in its mission to convert others to what it sees as the true quality of the market. There is no doubt that proselytising fervour is strong.

Clare Pearson

Small investor with big ideas

"THERE'S A word-processor, a telephone answering machine and me." Back in Herefordshire after five days battling in the High Court, Chris Whitmey sums up the lean resources of a dissident shareholder.

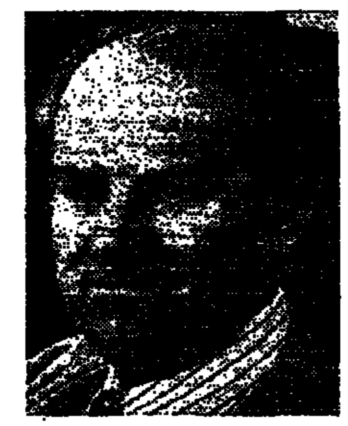
Private shareholders who are prepared to shoulder arms against the errant ways of management are a dying breed – perhaps not surprisingly given the extent to which the large insurance companies and pension funds now dominate the London stock market.

But there are exceptions – such as Whitmey. Last month, together with four other dissident policyholders at London Life, he attempted to persuade the courts that the scheme for a merger between Britain's oldest mutual insurer and Australian Mutual Provident Society should be amended so that policyholders could opt out and transfer to Equitable Life Assurance Society.

He was unsuccessful. But that has not always been the case. From the early '80s, Whitmey sat on the tail of businessman Jim Raper, eventually described by a Department of Trade investigation as "a dominating and unscrupulous man" who should never be allowed on the board of a public company again. And while the war against Raper was never exactly won – the lynchpin of that affair has left the country – Whitmey can claim victory in other battles.

This freelance consultant has also made forays into the courts over a corporate refinancing scheme which ignored pre-emptive rights, and claims to be virtually the last shareholder bought out of House of Fraser. How has he got so involved ? Would he advise other shareholders to follow? And what is his motivation?

It started in the late '70s, Whitmey recalls, when he saw a prospectus for shares in South Crofty, a Redruth tin-mining company. With a farming background, he warmed to the "resources" element and liked its Cornish flavour. He bought shares – and the Raper connection began.



Chris Whitney

South Crofty had been a wholly-owned subsidiary of Raper's UK quoted vehicle, St Piran, which was selling the shares but retained a controlling stake. Fairly quickly, Whitmey had cause for unease. In 1979, a DTI inquiry was ordered into St Piran and in 1980, its listing was suspended. In 1981, suspensions were extended to St Piran's quoted subsidiaries, South Crofty and housebuilder Milbury.

That was when Whitmey first took to the courts. South Crofty planned to reduce its share premium account, a move requiring court approval, which he opposed. The scheme was thrown out on a technicality and the company never reintroduced it.

Whitmey has no legal background, just a mind that hovers "between that of a crossword puzzler's and a jigsaw puzzler's." Some procedural expertise, he adds, may have been gleaned from his membership of the Synod of the Church of England.

For the next five years, the Raper issue – which proved as painful for the City's regulatory system as it did for shareholders in the various companies – became more complex. Whitmey realised that the only way to keep tabs on Raper was to have a say in all his UK companies, and consequently extended his shareholdings.

"Someone remarked that I must have been a glutton for punishment," he comments, "but I was also pragmatic: Raper was picking up companies which had potential."

Whitmey's final punch came in August 1985 when he made an application to the High Court, asking that the affairs of Milbury – by then in considerable difficulties, and with Raper attempting to transfer some of its assets overseas – should be investigated. The judge agreed that the matter "cried out for investigation," and the DTI moved in.

In retrospect, Whitmey believes that he learnt some valuable lessons about shareholder action. "The cardinal rules are to ask careful questions and make sure you get answers. First discuss it with someone who's good at playing devil's advocate. Then make sure you have marshalled arguments – and a good deal of politeness."

Whitmey is not a great enthusiast for the shareholder meeting route, claiming that it is difficult to co-ordinate support both in time and in a cost-effective manner. "A first extraordinary general meeting is pretty useless," he says, "You only *start* to get anywhere by the second."

Financing of shareholder action is another headache, and one that surfaced at South Crofty. In that case, attempts to create a voluntary fighting fund led to some people asking for money back afterwards. "You learn a lot about human nature," Whitmey remarks.

As for institutional shareholders, the regulatory authorities, the legal profession *et al*, he warns against expecting a rapturous reception. "Nobody," he points out, "likes someone who is less experienced coming up with a winner."

Nikki Tait

New card offers star treatment

A CREDIT card with your birthday sign of the zodiac is the latest gimmick being offered by the Bank of Credit and Commerce International (BCCI). You can also choose to receive a horoscope for your birth sign with your monthly statement.

Called (appropriately) StarSign, the card also offers you the choice of a reduced rate of interest (19.5 APR) if you pay an annual fee of £6. Otherwise, you are charged a standard rate of 1.9 per cent a month (25.3 APR).

A member of the Mastercard payment system, StarSign cards also offer free insurance of up to £2,000 against loss, theft or accidental damage for a period of six months after the date of purchase on merchandise bought with the card.

A PRIVATE client service rolled into a fund is how Mercury describes its new unit trust, the Mercury Portfolio. The fund will be a mixture of equities and fixed interest stocks, mirroring closely the asset allocation used for UK-based private clients of Mercury Rowan Mullens, which will be acting as manager.

The advantage of the Portfolio is that, as a unit trust, no capital gains tax is payable by the fund on transactions made within the fund, unlike individual share-dealings. However, investors in the portfolio will be able to make use of an advisory service, as well as receiving regular reports on the fund's strategy.

Minimum investment is £10,000. There is an initial charge of 5 per cent and the annual management fee is 1.5 per cent of the value of the fund.

MONDIAL ASSISTANCE has introduced an emergency services insurance plan specifically for the multi-trip traveller. Called Ambassador, it includes medical expenses cover up to £1m and winter sports cover for up to 17 days. Premiums, which cover a spouse and up to four children under 18, are £70 for Europe and £120 world-wide.

A 20 per cent no-claims bonus for new customers, increased cover for building and contents, and a 24-hour "disaster" line are being offered by the Automobile Association Homesure insurance policy. The premiums are based on the type of property, number of bedrooms and postcode. The "disaster" line gives policyholders telephone numbers for emergency services.

LONDON LIFE has introduced a Pension Safeguard plan for people who change jobs and are entitled to pension benefits from their old employers. The plan will seek to protect the cash value of pension benefits from the previous employment with a view to converting them into a pension on retirement.

John Edwards

Legal aid goes

PRELIMINARY HELP under the legal aid scheme for people wishing to make a will won't be available any longer after April 1. At the moment, people can get free initial advice on conveyancing and wills by using the "green" form.

But certain parts of the green form are likely to be excluded from legal aid by the Legal Aid Act 1988 now going through parliament. The changes mean that only people with "special needs" – such as those with mental or physical disabilities, aged over 70, lone parents appointing a guardian for their children, or making provisions for disabled children – continue to get legal aid help for making a will.

If you do not fit into the above categories, or you have an income below £850, you should see a solicitor before April 1. Providing you do so, you will still qualify for aid even if your will is not finalised by that date.

Most firms of solicitors have people who will do legal aid work, but it is sensible to check before making an appointment.

Heather Farmbrough

The ballot papers have gone out for Abbey National's float and the result will be known on April 11. David Barchard reports

Now it's up to the members

ABBEY NATIONAL's flotation plans have now been unveiled. If you are one of the 5.6m members of the society eligible to vote, you have probably received the ballot papers, along with a daunting 88-page transfer document, in the past week.

The result of the ballot will be announced at a special general meeting of Abbey National on April 11. If you are voting by post, your ballot papers must be returned by April 8.

At least 20 per cent of members have to vote, and three-quarters of these must be in favour for the float to go ahead. So, if you don't vote you will be helping tip the scales against the conversion of the building society into a PLC.

Sir Campbell Adamson, Abbey National's chairman, says he is confident that the resolution will be approved. In that case, the ball will pass to the Building Societies Commission, which has to approve Abbey National's plans before the flotation can go ahead.

Abbey National is now committed so deeply to becoming a company that members will be dealing it a very serious blow if the conversion resolution is not approved. Its whole market strategy would be in ruins.

What will conversion into a PLC mean for the members of the society? Most must by now be aware that they will be receiving a free hand-out of shares. Predictions of how much this would be worth have varied considerably, with some estimates going as high as £280.

On Tuesday, though, Sir Campbell said the free issue would be rather more modest than City stockbrokers had been predicting. Each member would get 100 shares, priced at between 120p and 160p.

Of course, if you are both a borrower and a saver with the society, you will be entitled to two sets of free shares – and two votes. This last point has been criticised by some members opposing flotation as being likely to tilt the balance towards the result for which Abbey National's board is hoping so fervently.

The exact value of the shares given to you has yet to be established. It will depend partly on the price at which Abbey National offers them, and partly on how the market reacts to them. But it is clear already that the offer price will be well below their probable market price, so a free issue of 100 at £1.40 each should turn out to be worth much more than £140.

Exactly how much more will depend on your response, along with the other 5.6m, to the second part of the float – the new shares for which you will have to pay. Each member will be offered the chance to buy these in addition to the free allocation. It is likely that around 714m new shares will be issued, bringing in around £1bn of new capital for the society.

Sir Campbell Adamson, Abbey National's chairman . . . he's confident of approval but rejection would be a serious blow

Abbey National has not said how many of these shares each member will be allowed to buy, or what the minimum purchase amount will be. However, the society expects privately that many of its depositors will dip into their savings to buy them.

If Abbey National members do take up the issue enthusiastically, the share price should rise well above the original offer value. City analysts are divided about just how far it will go up.

John Wriglesworth, building societies analyst at Phillips & Drew, believes the shares will reach a price of around 195p each. This would bring the capital gain to Abbey National members to about £250 for each fully taken-up allocation of new shares and free shares.

Wriglesworth – who used to work for Abbey National – believes the new company is a much more attractive stock market proposition than the TSB and points to several reasons why Abbey National could perform well in the market. These are its established track record in its own market; its low management costs; the investment and diversification it has carried out; and that, unlike the TSB, no expensive acquisitions of new subsidiaries lie ahead.

"If the housing market wasn't so depressed at the moment, I would have no hesitation in predicting that the share price would rise above £2," says Wriglesworth.

Christopher Ellerton, banking analyst at Warburgs, heads the list of those in the City – mostly banking analysts rather than building society specialists – who are less optimistic about Abbey National's prospects.

He predicts that shares will perform much like those of the banks and that the price is unlikely to go above 170p.

The more or less unique feature of the Abbey National float is that no shares are being offered to the public, at least in the first instance. Thus, the large institutional investors will not be able to buy them except from Abbey National members.

This will have several consequences. Among other things, the shares will be scattered very widely and it will take a long time for any outsider to build up a large stake, let alone approach the 15 per cent limit on shares by a single owner which will apply for the first five years after the float.

So, Abbey National PLC should not have to worry much about hostile takeover bids.

Opportunities to sell the shares will depend on the dealing arrangements offered by the society. So far, no details have been announced although Steven Humphries, Abbey's spokesman, says the intention is to keep costs as low as possible.

Handling small amounts of shares is not something that brokers like. Normally, a buyer or seller could expect to pay a fee of a minimum of around £25 for this service although, on some privatisation issues, charges have been held down by some organisations to under £20.

Even this figure, of course, would eat a fair hole in your profits from the free share issue if it turns out to be worth under £200. On top of that, you could have to pay capital gains tax if you have already earned sufficient profits to exceed the annual exemption.

Why feelings may not be mutual

IT INVOLVES only one-hundredth of the investors caught up in the Abbey National plc conversion. But the proposed demutualisation of FS Assurance could also, if it goes well, trigger a number of similar moves in its industry.

This week, the Glasgow-based life assurance company announced that it is to ask its 50,000 policyholders (its legal owners) to approve a plan for the company to be taken over by the Britannia Building Society. Although the Britannia is itself a mutual company, the merger between such different businesses can be effected only if FS first turns itself into a proprietary – that is, shareholder-owned – office.

For many years, proprietary and mutual offices have co-existed happily enough. There are 27 mutuals, led by such giants as Standard Life and Norwich Union, and a rather larger number of shareholder-owned companies.

In theory, mutual companies can offer a slightly better deal to policyholders because they do not have to pay out a proportion of their investment gains to a separate class of shareholders. In the long-term performance tables, the very best mutuals tend to pip the best proprietaries. But the differences are far from being clear-cut because mutuals need to set aside something to finance business growth – and many mutuals are, in practice, well down the league.

Demutualisation is an entirely new phenomenon in the UK. In the past, the movement has been entirely in the other direction. Standard Life mutualised in the 1920s and Scottish Life, the last company to do so, as recently as 1967.

Why the shift of direction? Mutual status is eminently suitable for life companies when the industry is stable and they can carry on doing basically the same job for one generation of policyholders after another. But we have now entered a period of radical change. It is difficult for mutual companies to move in sharply different directions; for instance, by entering new businesses or making takeovers.

The immediate problem is the transformation of the selling system for life products in the wake of the Financial Services Act. Until now, FS has sold all its policies through independent intermediaries. But because of changes in regulations, many of these intermediaries are becoming exclusive tied agents

The biggest intermediaries are building societies, which sell huge numbers of endowment mortgages and also increasing volumes of other products such as unit trusts and personal pensions. Larger life offices are tieing to building societies without losing their independence: Standard Life, for instance, has just done a deal with the Halifax. But little FS could not cope with the volume of new business involved in such a deal without an injection of capital. So, it has agreed to be swallowed up.

A lot of other smaller mutuals face a similar crisis: their traditional sales networks are shrinking and they cannot justify the expense of building up a separate direct sales force. There are two options. One is an FS-style demutualisation, followed either by a merger or by a stock market flotation to raise new capital. The other is a termination, in which the fund is closed to new business. This could be quite good news for policyholders, who in future could enjoy investment returns without the deduction of such high costs, but nearly all the staff would be surplus to requirements.

For policyholders who chose FS because of its mutual status, the news cannot be welcome. It is true that Britannia itself is a mutual company (at least for the time being). But Britannia Life, as FS will become if the proposals are approved, will be a proprietary company. Part of its profits, probably 10 per cent, will go to the Britannia Building Society.

It is true that FS claims that the increased flow of business to be generated in future by the Britannia link will serve to reduce costs per policy and improve the returns. However, present policyholders will need to be offered a consideration for handing over a share of future profits, and this compensation is to take the form of a special reversionary bonus payable out of a "substantial sum" which the Britannia will make over to FS.

Because no company has demutualised before – at least this century – the technicalities are entirely unproven. The Department of Trade and Industry will be keeping a close eye on the proceedings, not least because they could set a precedent for future demutualisations, while there will be an independent actuarial report to the Scottish courts.

In the end, policyholders – as owners of the business – will have to approve the scheme, full details of which are promised by May. They will want to be confident that no better merger partner could have been found – better, that is, for policyholders rather than the board or the management. There are potentially quite serious conflicts of interest here, especially if it can be shown that a switch to a closed fund status would be more profitable for investors.

If Britannia rules, it will have to be by mutual consent.

Barry Riley

FINANCE & THE FAMILY

The Week Ahead

Market holds its breath for the Budget

THIS YEAR, the Budget will *really* matter to the stock market. When the Chancellor, Nigel Lawson, gets to his feet on Tuesday, strategists will be waiting for the answer to one key question: will the Budget be "tight" enough to take some of the strain off interest rates?

The average City expectation, says Peter Spencer of Shearson Lehman Hutton, is that Lawson will cut taxes overall by £2½bn. Elsewhere, there could be changes in tax on life assurance, and on people without full residential status in the UK; and, he notes, there has been a strong lobby for changes in the way advance corporation tax is levied, oncompanies such as Brit*ish Petroleum in particular*.

Easter falls earlier this year, and the company results list is bigger than usual for Budget week. It opens on Monday with interims from Glaxo, which has been trading at the top end of its 1988/89 share price range; pharmaceuticals analysts are still arguing whether its market performance since last summer has been too strong, or not strong enough.

Henry Magrill of CIBC Securities Europe, formerly Grenfell & Colegrave, said that a strong performance in December should give the company overall sales growth in continuing operations of over 20 per cent; he expects pre-tax profits to rise from £397m to £450m at the half-way mark and to £960m (£832m) for the

Professor Roland Smith, chairman of BAe

year.

Matching Glaxo for scale and, this year, excitement will be the full-year results from BTR on Wednesday. Conglomerates have been more popular over the past year and BTR, relatively quietly and mostly abroad, has made takeovers totalling £1½bn; this contrasts with a year ago when people were still reflecting on BTR's failure to take Pilkington early in 1987.

Hopes for 1988 expanded with a 31 per cent rise in profits at half-time; David Ireland of Hoare Govett is going for an acceleration at the 12-month mark with profits up from £590m to £800m before tax. He says his profits are in the middle of a £785m – £815m range and that they reflect, *inter alia*, more favourable currency rates for the US and Australian dollars after a £50m-plus adverse currency effect in 1987.

ENGINEERING FORECASTS

	1988 £m	1987 £m
BAe	225	(-159)
T & N	92	77.3
NEI	40	32.2
Simon Engineering	31	23.5

Source: Kleinwort Benson Research.

Engineers are out in force. Prof Roland Smith chairs the biggest and most spectacular performer in the list in British Aerospace, which produces *results on Wednesday*. The company took £320m of provisions against its civil aircraft business a year ago, and went into the red as a result; but analysts are expecting a strong 1988 performance (see table) on the back of enhanced margins from military aircraft exports, and a full year contribution from Rover, acquired from the Government last year.

T & N (also Wednesday) may not have been given full credit yet for its transformation, *under the chairmanship of Sir* Francis Tombs, from an asbestos mining and building products company to a motor components and engineering group. But its exposure to continuing asbestos-linked legal costs and disease claims, which totalled £8.2m in 1987, is a continuing source of market concern. Last Christmas, Sir Francis, as chairman of Rolls Royce, pulled out of what could have been merger discussions with NEI, which itself produces results on Tuesday. The task of Terry Harrison, chairman of NEI, is to persuade shareholders and the business community that it can survive the way the GEC steamroller is taking CEGB power generation business.

NEI has pointed out that turbines account for only 12½ per cent of its turnover, which also takes in boilers, electronics, cranes and general engineering. It has also made cutbacks in factories and staff, and the jump in profits is expected to be achieved on turnover down from £805m to £700m.

Simon Engineering survived a hostile takeover bid in 1987, although it was on the way to lower profits for the year. Under the chairmanship of Roy Roberts, formerly managing director of GKN, Simon has been active since then in the acquisition and disposal market; the expectation for 1988 is recovery, plus *10* per cent

Sir Francis Tombs, chairman of T & N

growth over the 1988 level.

In contrast, bearish comment from motor industry analysts suggests that profits at Jaguar will drop from £97m to £40m before tax when the 1988 results come out on Thursday, with no visible prospect of improvement in 1989.

The food industry, slotted into its usually defensive role after the October 1987 crash, has had varied experience more recently. Some companies have gained on takeover speculation, and the craze for putting a capital value on brands. Others have been caught up in the aftermath of food poisoning scares. United Biscuits (Thursday) comes into the first category, and Hillsdown Holdings (Wednesday) into the second.

Carl Short of Kitcat & Aitken sees UB's profits rising from £147m to £170m. He says that its acquisition of the Ross Young's businesses from Hanson a year ago made it big in frozen foods but kept it out of chilled foods, where the listeria risk lies.

On the other hand, Hillsdown is a leading egg producer, where it is open to the salmonella scare, and it also sells prepared meals to Marks & Spencer. After a fall in February, Hillsdown remains stubbornly short of its peak, although Short sees profits rising from £110m, through £150m for 1988 to £180m in 1989; admittedly the acquisitional nature of some of that growth, and a rising tax charge, is expected to trim back the increase in earnings per share.

Among the week's other majors, Legal & General has been complaining about the possibility of increased tax on life insurance in Tuesday's Budget, while analysts have been looking forward to L & G itself producing 1988 pre-tax profits up from £79.2m to £125m next Thursday.

Transport Development Group, which has subsided a little following the excitement produced by the NFC flotation, is expected to lift profits by some 15 per cent to £50m on Monday; and DRG, seen last October as a potential target for Sir James Goldsmith, has been fancied for a rise of a fifth to £60m pre-tax when it reports on Wednesday.

William Cochrane

PRELIMINARY RESULTS

Company	Year to	Pre-tax profit (£000)		Earnings* per share (p)		Dividends* per share (p)	
Abbott Mead	Dec	4,840	(4,033)	23.5	(19.7)	6.0	(4.5)
Admiral Comp.	Dec	1,610	(1,250)	9.2	(8.0)	2.55	(1.46)
ADT	Dec⚘	219,000	(155,400)	26.0	(22.4)	15.0	(12.4)
Antofagasta	Dec	21,810	(12,200)	53.3	(34.3)	13.0	(10.0)
Arlington Sec.	Dec	23,420	(14,660)	18.8	(14.2)	6.0	(4.0)
BBA Group	Dec	64,100	(41,200)	18.3	(15.0)	6.45	(4.0)
Betacom	Dec	2,600	(2,321)	7.77	(7.2)	0.2	(-)
BICC	Dec	156,000	(128,000)	38.4	(28.8)	16.0	(13.0)
Blagden Industs.	Jan	10,360	(8,031)	18.0	(14.9)	8.4	(7.7)
Bluebird Toys	Dec	2,260	(2,490)	22.8	(25.2)	6.75	(6.20)
Braime TF & JH	Dec	530	(213)	22.7	(9.03)	7.0	(5.0)
Canning W	Dec	7,080	(6,080)	22.3	(19.1)	6.5	(5.3)
City & Comm. Inv	Jan	2,128	(1,771)	6.43	(5.45)	6.43	(5.45)
CRH	Dec●	63,350	(52,930)	17.2	(13.7)	4.5	(4.0)
Dares Estates	Dec	12,570	(5,100)	4.14	(2.12)	1.3	(0.5)
Emmet R&J	Dec●	1,310	(1,100)	10.4	(10.5)	-	(-)
Expamet Int'l.	Dec	10,310	(8,451)	18.0	(15.9)	8.75	(7.5)
Explaura Hldgs.	*Dec*	*77 L*	*(99)*	-	*(0.05)*	-	(-)
Fairey Group	Dec	8,770	(4,249)	17.5	(12.6)	-	(-)
Fisons	Dec	132,100	(109,174)	19.5	(17.0)	5.0	(4.0)
Fleming Mercant.	Jan	9,589	(8,438)	4.81	(4.15)	4.7	(4.05)
Forward Tech.	Dec	3,270	(3,530)	8.0	(6.3)	1.8	(1.0)
GKN	Dec	177,800	(146,500)	44.0	(34.7)	17.0	(14.5)
Greggs	Dec	6,200	(4,270)	33.7	(24.8)	10.12	(7.5)
Herring Son	Jan	2,080	(1,050)	13.7	(7.8)	4.0	(-)
Heywood Williams	Dec	30,340	(20,210)	32.7	(26.6)	11.5	(9.6)
Instem	Dec	681	(338)	9.7	(4.6)	2.5	(2.5)
Irish Ropes	Dec●	1,130	(934)	14.2	(14.0)	6.0	(6.0)
Jitra Rubber	Dec	180	(171)	1.22	(1.13)	0.9	(0.8)
Jourdan Thomas	Dec	2,870	(1,830)	12.4	(9.47)	5.6	(4.85)
Ladbroke Group	Dec	252,300	(160,200)	40.0	(29.3)	16.31	(13.7)
Lewis John Part.	Jan	131,500	(121,200)	-	(-)	-	(-)
Lex Service	Dec	70,400	(47,000)	53.0	(33.9)	14.0	(11.7)
Life Sciences	Dec	6,100	(1,800)	4.4	(2.1)	1.6	(0.8)
Mercantile Group	Dec	93,200	(84,728)	-	(-)	-	(-)
Microvitec	Dec	1,760	(1,408)	4.2	(3.5)	1.75	(1.5)
Mount Charlotte	Jan	41,400	(29,000)	9.9	(8.3)	2.21	(1.9)
MTL Instruments	Dec	2,310	(1,790)	8.57	(6.76)	2.0	(-)
Murray Int'l Tst	Dec‡	9,190	(6,200)	-	(-)	7.0	(5.5)
Nestor-BNA	Dec	4,710	(3,270)	7.7	(5.9)	2.5	(-)
New Tokyo Inv.	Dec‡	210	(31 L)	0.49	(-)	0.25	(-)
Paragon Comm.	Dec	975	(712)	11.3	(8.9)	3.3	(1.8)
Peritos	*Dec*	*11,000*	*(7,800)*	*8.8*	*(7.2)*	*1.8*	*(1.3)*
Persimmon	Dec	29,600	(12,400)	26.5	(12.2)	5.0	(2.25)
Quotient	Dec	2,210	(4,060)	10.3	(20.4)	3.4	(3.0)
Radius	Nov	2,910	(2,110)	8.71	(7.25)	2.65	(2.12)
Ransomes Sims	Dec	13,200	(9,706)	31.3	(25.6)	11.0	(7.2)
Readymix	Dec●	1,100	(820)	2.84	(2.11)	1.0	(0.75)
Richardsons West	Dec	1,420	(277)	5.4	(1.4)	2.0	(1.0)
Robinson Thomas	Dec	18,010	(12,319)	48.2	(39.9)	12.0	(8.0)
Ruo Estates	June	340	(627)	10.8	(21.1)	7.0	(7.0)
Sonic Tape	July	41	(6)	-	(-)	-	(-)
Sunleigh Elec.	Dec	2,250	(1,718)	8.49	(7.13)	1.65	(1.41)
TI Group	Dec	85,400	(62,300)	38.1	(29.6)	13.5	(10.0)
Tozer Kemsley	Dec	44,100	(32,300)	12.9	(9.8)	4.0	(2.1)
Tyne Tees TV	Dec	7,820	(6,510)	49.6	(39.4)	17.25	(13.7)
UK Paper	Dec	19,000	(15,400)	20.3	(18.8)	6.0	(-)
Ultramar	Dec⚘⚘	46,400	(39,500)	19.1	(15.4)	7.5	(6.5)
Unidare	Dec●	5,810	(3,020)	38.8	(15.0)	12.7	(11.6)
Victaulic	Dec	7,560	(6,520)	25.2	(21.9)	8.5	(7.5)
Watmoughs Hldgs	Dec	6,800	(4,800)	27.6	(22.4)	8.5	(6.87)
Wembley	Dec	11,240	(2,150)	9.0	(-)	1.5	(1.1)
Wickes	Dec	16,300	(6,690)	16.3	(11.6)	3.5	(1.0)
Williams Hldgs.	Dec	116,000	(57,000)	26.0	(20.4)	10.0	(7.0)
Woodchester	Dec●	18,020	(7,800)	12.1	(6.75)	1.875	(1.12)

INTERIM STATEMENTS

Company	Half-year to	Pre-tax profit (£000)		Interim dividends* per share (p)	
BM Group	Dec	6,890	(3,130)	1.6	(1.2)
CALA	Dec	3,650	(1,550)	1.05	(0.85)
Cont. Microwave	Dec	26 L	(437)	1.1	(1.1)
Cornwell Parker	Jan	4,750	(4,141)	1.6	(1.4)
Everest Foods	Nov	1,090	(-)	2.0	(-)
Galliford	Dec	3,920	(2,640)	0.85	(0.7)
Green Ernest & Part.	Dec	1,320	(982)	2.25	(1.75)
Haggas John	Dec	1,060	(1,820)	1.0	(1.0)
Intereurope Tech.	Dec	604	(245)	2.0	(2.0)
International Colour	Dec	668 L	(473 L)	0.5	(-)
Lawtex	Dec	218	(49)	0.05	(1.0)
Lincat Group	Dec	423	(290)	1.5	(-)
Malomet Holdings	Nov	171	(206)	0.62	(0.56)
Merivale Moore	Dec	3,740	(3,460)	2.75	(2.25)
Microfilm Repro.	Dec	2,450	(1,670)	1.7	(1.12)
Miller & Santhouse	Dec	400	(502)	0.75	(1.25)
Mucklow A&J	Dec	4,110	(3,240)	3.71	(2.82)
Pilco Holdings	Dec	1,130	(629)	5.0	(3.0)
Prestwich Holdings	Dec	4,180	(4,060)	0.6	(0.5)
Randsworth Trust	Dec	4,270	(2,130)	1.5	(1.0)
Sinclair William	Dec	1,120	(823)	1.25	(1.0)
Sunset & Vine	Dec	320	(209)	-	(-)
Tottenham Hotspur	Nov	887 L	(1,620)	1.0	(1.0)
Waterman Partnership	Dec	2,410	(1,709)	2.0	(-)
WCRS	Dec	13,600	(6,930)	1.65	(1.35)

(Figures in parentheses are for the corresponding period.)
*Dividends are shown net pence per share, except where otherwise indicated. L = loss.⚘ US dollars & cents.● Irish punts & pence.‡ net profits.⚘⚘ after tax profits.

RIGHTS ISSUES

Fenner JH holdings is to raise £16.2m via a one-for-three rights issue at 160p.
Irish Ropes is to raise £3.7m via a one-for-two rights issue at 125p.
Platignum is to raise £3.4m via a subscription offer and a rights issue both at 5p.
Watmoughs Holdings is to raise £14.65m via a one-for-four rights issue.
West Industries is to raise £2.8m via a two-for-five rights issue at 30p.
Worthington AJ is to raise £2.24m via a one-for-one rights issue at 47p.

COMPANY NEWS SUMMARY

TAKE-OVER BIDS AND MERGERS

Company bid for	Value of bid per share**	Market price**	Price before bid	Value of bid £m's**	Bidder
Prices in pence unless otherwise indicated					
Bassett Foods‡	571	565	473	89.85	Cadbury Schw'pes
Chamberl'n Phipps	202	218	154	75.95	Evode
Chamberl'n Phipps	220*	218	169	81.0	Bowater
Chapman Inds.‡	425*	420	350†	18.48	Munksjo AB
Cons Gold Fields	1428§	1427	1435	3.23bn	Minorco
DDT Grp.	111	115	110	7.20	Vistec
Delmar Group	70*§	70	60	4.93	Bromsgrove Inds.
GT Management	180*	183	176†	91.50	Bk Liechtenstein
Health Care	98§§	96	80	13.47	Compass Group
JSB Electrical	404	394	313	25.45	Emess
Jacksons B'ne End	150*§	187	147	12.75	Vasella
Jestar	100*§	123	98	4.90	Parris/ETL
Local London	550*	544	494	110.99	Priest, Mariana
Personal Comps.‡	218	210	140	10.94	P & P
Piccadilly Rad NV	363§	313	258	29.04	Miss World
Ratcliffs (G.B.)	250*	248	200†	11.74	Severn
Ricardo	158	147	125	22.95	First Technology
Splash Prods.	79½	81	71	13.89	Astra Trust
Viking Res.‡	58*§	58	57	23.20	Aviva Pet.

*All cash offer. ††Cash alternative. ‡Partial bid. §For capital not already held. ‡‡Unconditional. **Based on 2.30pm prices 10/3/89. †At suspension. §§Shares and cash.

RESULTS DUE

Company	Announcement due	Dividend (p)* Last year Int.	Last year Final	This year Int.
FINAL DIVIDENDS				
AAF Investment Corporation	Monday	1.5	3.5	2.5
ABB Kent Holdings	Monday	1.5	1.5	1.5
Antler	Thursday	1.3	2.2	1.4
Arley Holdings	Thursday	-	-	1.1
ASD	Thursday	4.5	5.0	5.5
Assam-Dooars Holdings	Thursday	-	10.0	-
Automated Security Holdings	Tuesday	0.8	1.36	0.96
Bardsey	Monday	-	0.25	0.25
Baynes Charles	Thursday	-	-	-
British Aerospace	Wednesday	6.9	11.8	7.4
British Vita	Monday	1.96	5.25	2.8
BTR	Wednesday	4.2	5.5	5.3
Camellia Investments	Monday	7.0	10.0	8.0
Candover Investments	Monday	3.0	6.0	3.5
Carbo	Thursday	1.8	3.0	2.1
Citygrove	Monday	1.5	2.5	2.5
Clarke Nickolls & Coombs	Wednesday	1.1	2.4	1.35
Clarke T	Thursday	0.8385	2.3725	0.957
Delaney Group	Monday	1.1	2.2	1.3
Doeflex	Thursday	1.15	2.3	1.15
DRG	Wednesday	4.1	6.6	4.7
Estates & General Investments	Friday	1.0	2.0	1.1
EW Fact	Wednesday	-	-	-
Fisher James & Sons	Monday	1.7	1.9	1.95
Gordon Russell	Monday	2.0	4.0	2.4
Hibernian Group	Wednesday	1.3	2.6	1.4
Hickson International	Tuesday	1.63	4.0	2.25
Hillsdown Holdings	Wednesday	1.25	3.5	1.5
Inch Kenneth Kajang Rubber	Tuesday $	3.0	4.0	4.0
Ingham George & Co. Holdings	Friday	1.0	2.0	1.0
Jaguar	Thursday	3.7	6.8	3.7
Johnston Press	Wednesday	0.4	-	1.0
Kerry Group	Tuesday	0.52	1.13	0.61
Kode International	Wednesday	5.0	10.5	5.0
Laidlaw Thomson	Thursday	1.54	3.25	1.62
Lancaster	Thursday	-	2.1	1.3
Legal & General	*Thursday*	3.8	7.7	4.5
Low & Bonar	Monday	1.85	4.15	2.2
Lowe Howard Spink & Bell	Wednesday	3.4	6.6	4.0
Merchant Manufactory Estate	Thursday	-	-	-
MY Holdings	Monday	0.45	1.05	0.55
Northern Engineering Indust.	Tuesday	1.65	3.6	1.8
Palma Group	Tuesday	1.0	2.0	1.2
Pentland Industries	Monday	0.135	0.5	0.5
Perkins Foods	Monday	1.2	0.6	1.3
Refuge Group	Thursday	5.75	12.25	6.5
Robinson Brothers (Ryders)	Tuesday	-	-	-
Second Market Investment Co.	Thursday	-	0.33	-
Shorco Group Holdings	Wednesday	-	1.85	2.0
Simon Engineering	Thursday	2.7	8.8	3.5
Spandex	Wednesday	1.0	2.0	1.5
Sykes Pickavant Group	Friday	1.44	3.0	2.25
T&N	Wednesday	2.75	5.75	3.1
Transport Development Group	Monday	2.25	6.25	3.0
United Biscuits Holdings	Thursday	4.0	7.0	4.5
USDC Investment Trust	Monday	-	1.3	1.0
Wassall	Wednesday	-	1.0	-
Western Dooars Tea Holdings	Thursday	-	7.0	-
Wood Arthur & Son (Longport)	Wednesday	-	3.5	-
Wyevale Garden Centres	Monday	0.73	2.17	1.4
INTERIM DIVIDENDS				
Armstrong Equipment	Thursday	1.1	2.4	-
Bellwinch	Friday	1.1	2.65	-
Caird Group	Monday	1.0	3.0	-
Close Brothers	Thursday	1.65	3.35	-
Gent SR	Wednesday	0.5	1.0	-
Glaxo Holdings	Monday	7.0	18.0	-
HTV Group	Friday	3.7	8.0	-
Interlink Express	Thursday	3.25	3.65	-
Logica	Wednesday	0.7	1.6	-
LWT Holdings	Friday	2.04	3.66	-
MAI	Wednesday	1.2	3.05	-
Medminster	Tuesday	3.5	2.8	-
Pegasus Group	Monday	2.25	5.25	-
Pochin's	Wednesday	4.0	15.0	-
Precious Metals Trust	Tuesday	-	0.55	-
Raine Industries	Monday	1.0	2.0	-
Renishaw	Monday	1.0	2.3	-
Sirdar	Thursday	1.65	3.5	-
SPS Consultancy Group	Friday	0.75	1.5	-
Synapse Computer Services	Thursday	-	3.375	-
Tay Homes	Monday	2.07	5.83	-
Thorpe FW	Tuesday	2.2	3.6	-
TSW-Television South West	Thursday	0.9	2.25	-
Walker Thomas	Friday	0.175	1.3	-

*Dividends are shown net pence per share and are adjusted for any intervening scrip issue.$ per share gross.

OFFERS FOR SALE, PLACINGS AND INTRODUCTIONS

Porth Group is to join the USM via a private placing which will value the company at £12m.
R&V Information Systems is to join the USM via a placing of 3.29m shares at 60p.

'Easy-start' mortgages on offer

A NEW package of easy-start mortgages, designed to reduce repayments in the early years for young home buyers, has been introduced by the Halifax Building Society. There are three initial low payment options: low start; first step and career mortgages.

The low start, available to borrowers who a have minimum 5 per cent deposit, is a conventional type of mortgage with reduced payments in the first three years being offset by higher repayments in later years.

The first step mortgage reduces the monthly repayments by extending the term of the loan for up to 40 years.

The career mortgage, normally available to employees under 35 with jobs that have an incremental salary scale, provides a lower monthly repayment for the first five years, with the annual endowment premiums being debited to the mortgage account during the initial period.

John Edwards

FINANCE & THE FAMILY

With the Budget imminent, **John Edwards** discusses the options open to taxpayers as the financial year nears its end

Make use of those allowances

NO-ONE LIKES paying tax unnecessarily. So it is that every 12 months, as the end of the tax year approaches on April 5, there is a sudden frenzy of activity to try to beat the deadline for making use of all the allowances available. This year is no exception, but the game has changed in certain areas since last year's "radical" Budget.

One big change is that capital gains tax for top-rate taxpayers has gone up from 30 to 40 per cent. It is, therefore, even more important for you to use the annual exemption for making tax-free gains, even though it has been cut back to £5,000. The exemption cannot be carried forward so it is worth realising gains up to that amount, even if you think tax rates are likely to be cut further.

You can also take advantage this year of the revised system, introduced in the last Budget, for assessing the tax liability when disposing of assets acquired before March 31, 1982. Under the new rules, the cost of assets bought before then are taken as the market value at that date. In other words, you don't have to pay tax on any gains made prior to March 31, 1982. So, you are now much freer to realise gains on long-term investments which previously might have generated a huge tax liability.

When calculating your CGT liability, you also have to bear in mind the indexation allowance, which strips out any gain that reflects purely the effect of inflation. This could turn a "paper" profit into a "real" loss. For example, a gain of 2 per cent in the value of an investment of £100,000 during a period when inflation has rising by 4 per cent means a real loss of 2 per cent.

It is a simple matter to work out the indexation allowance yourself, although complexities arise in some cases (for instance, when shares have been bought at different times in the same company). A new explanatory leaflet from the Inland Revenue — Capital Gains Tax: The Indexation Allowance for Quoted Shares (CGT 13) — explains some of these cases.

Every month, the Revenue puts out a table showing the indexed rise in inflation (based on movements in the retail prices index) used for calculating the indexation allowance for assets sold in a particular month. The most recent — for the month of January, issued on February 22 — is reproduced with this article.

Capital Gains Tax Indexation Allowance: January 1989

	1982	1983	1984	1985	1986	1987	1988
January	—	0.344	0.278	0.217	0.153	0.110	0.075
February	—	0.338	0.273	0.207	0.149	0.108	0.070
March	0.397	0.335	0.269	0.196	0.148	0.103	0.068
April	0.370	0.317	0.252	0.171	0.137	0.090	0.049
May	0.360	0.311	0.248	0.166	0.134	0.089	0.045
June	0.358	0.308	0.244	0.163	0.135	0.089	0.041
July	0.358	0.301	0.246	0.166	0.138	0.090	0.040
August	0.355	0.296	0.234	0.162	0.135	0.087	0.029
September	0.356	0.290	0.232	0.163	0.129	0.084	0.024
October	0.349	0.285	0.224	0.161	0.127	0.079	0.014
November	0.343	0.281	0.220	0.157	0.118	0.074	0.009
December	0.345	0.277	0.221	0.156	0.114	0.075	0.006

Source: Inland Revenue

Two examples of how to use the table. Suppose you sold in January for £15,000 an asset bought before 1982 for £8,000. To calculate the CGT liability, you would first have to calculate the value of the asset at March 31, 1982 — say, £10,000. Then multiply this by 0.397 = £3,970. Deduct this figure from the paper gain of £5,000, leaving a net tax liability of £1,030.

If the asset was acquired after March 1982, the original cost would be multiplied by the relevant figure in the table. Thus, for an asset bought for

£10,000 in October last year, the cost is multiplied by 0.079 = £790. This would then be deducted from whatever gain had been made on the asset between October and January.

These calculations are, of course, historical since they apply solely to disposals in January 1989. But even with the increase in inflation, they give a good idea of the kind of reduction in capital gains liability you can expect after taking into account the indexation allowance and balancing any gains against losses.

You can carry forward any net losses, but this might not make a lot of sense if you think tax rates are going down. In addition, you should remember that CGT is payable on December 1 in the tax year following the disposal. So, if you delay taking any further gains until after April 5, then payment is not due until December 1990.

Nevertheless, it is worth using the £5,000 exemption, if necessary by "bed and breakfasting" - that is, selling shares one day and buying them back the next, hoping that the price hasn't moved dramatically against you overnight. This establishes your gain and sets a higher value on the rebought shares. Most stockbrokers offer reduced charges for this kind of transaction, but it does cost money and there is an element of risk involved which you have to balance against the potential tax saving.

Making use of the capital gains exemption is, of course, an annual event, just like using up the inheritance tax allowances. But there are some special situations, exclusive to this year only.

■ If you are paying maintenance or alimony, this is the last year when you can still do something to maximise tax relief. From April 6, all maintenance payments have to be made gross. Tax relief will still be given under the old rules for existing payments but will be restricted to the amount actually paid during the year to April 5. Any increases, thereafter, will not qualify for tax relief.

So, if you are going to increase maintenance payments, or expect to be forced to do so, it is crucial to start the rise before April 5 — even if this means anticipating increases in payments that might normally have been made at a later stage. In other words if you are paying £5,000 a year but expect this to rise to, say, £8,000 during the next few years, from the tax point of view it might make sense to put it up to £8,000 now and "freeze" any further increases for a few years.

■ Another "special" this year is pensions. There is the one-off opportunity for those contracting out of the State Earnings-Related Pay Scheme (Serps), and qualifying for the special incentives in the form of National Insurance contribution rebates, to backdate the decision to the 1987/88 year. Thus, you get the rebates and bonus for two years — providing you act before April 1.

At the same time, for top-rate taxpayers with unused pensionable "earnings" there is the last chance to take advantage of the 60 per cent tax relief available right back until 1981/82. You can elect to carry back the payment of pension premiums for a year (until 1987/88) and then utilise any unused tax relief for a further six years, but the relief is based on the rates current during the year when the payments were made. So, after April 5 the maximum relief available will be 40 per cent, not 60.

■ Although deeds of covenant, except for charity, no longer qualify for tax relief, fond grandparents or other relatives can elect to have the gain on a transfer of shares to a child deferred until disposal, which can be made in the child's name using the £5,000 exemption. Such a transfer reduces the estate of the donor for inheritance tax purposes.

In addition, you can give £3,000 each year to reduce the value of your estate, without having to worry about an IHT liability. This year provides the last opportunity to use up any unused exemption for the 1987/88 tax year.

■ Finally, if might be worth doing a lot of driving on business during the next few weeks if you have a company car. If you cover a minimum of 18,000 miles for business purposes during the year, then the benefit — on which you are taxed — is halved, so it is worth exceeding that figure (if you can) by April 5.

Exemptions offer scope for saving

ALTHOUGH "Independence Day" for the separate taxation of married women is not until April 1990, there is scope for tax saving in the meantime, including actions which should or should not be taken before April 6 this year.

The matters which may need urgent attention are capital gains and chargeable gains on insurance contracts.

For the year ending April 5, 1989, the first £5,000 of the combined net gains of spouses are exempt and any excess will be taxed as the top slice of the husband's income, at between 25 and 40 per cent as appropriate. The same will apply to 1989-90, subject to any change in the £5,000 exemption that might arise in the Budget.

Starting on April 6, 1990, you and your spouse will be taxed separately on your gains, you will each enjoy exemptions, and you will be able to carry forward your own losses. But it will no longer be possible to offset the losses of one spouse against the gains of the other.

If you have substantial capital gains to realise, you should be sure to use your exemptions this year and next. But if you wish to realise more than is covered by the exemption limits, it might be preferable to delay further disposals until 1990-91. In the meantime, you can transfer assets between yourselves, first so that both of you can use your exemption limits in 1990-91 (or later) and, second, so that excess gains are realised by a spouse with losses to carry forward (and after that by one who is paying basic rather than higher rates of tax).

If you are a higher-rate taxpayer who has a spouse without income to whom you can transfer assets for disposal after April 6, 1990, you could save up to £4,895 tax at 1988-89 levels. This maximum saving would be 40 per cent of £5,000 (by using a second exemption) plus £19,300 at 15 per cent (the basic rate band at the difference between higher and basic rates of tax).

Chargeable gains can arise when you realise part or all of a non-qualifying insurance policy such as an investment bond, or guaranteed income or growth bond. Each contract is assessed separately, with no offset of losses against gains.

Tax is charged at the higher rate of tax, less basic rate, if you are a higher-rate taxpayer after taking account of the gains. As capital and chargeable gains are both regarded as top slices of income, they can have a cumulative effect. Therefore, if you risk incurring tax on chargeable gains, these should be delayed until after April 6, 1990. By then, the offending policies should, if necessary, have been assigned to whichever spouse will not then be a higher-rate tax-payer.

Anthony Casswell

John Edwards offers some informed speculation about Lawson's intentions on Tuesday afternoon

Decoding the Chancellor's signals

SPECULATING about the Budget is a bit of a mug's game. Not for nothing does the Chancellor go into "purdah" for several months before the Great Day; and Nigel Lawson, in particular, seems to like to keep a few surprises up his sleeve.

Amid the welter of speculation, though, it is usually possible to pick up some common themes; and the issuing of consultative documents, seeking a reaction to proposals, gives some clear signals of areas where the Chancellor is very likely to take some action. So, what are the special points for which to look out?

The economic pundits haven't made up their collective mind yet as to whether the Chancellor will go for further tax cuts or make it a "savers" Budget. But there is general agreement that something will be done to revitalise personal equity plans, sales of which have dropped dramatically.

The simple answer would be to raise the maximum permitted investment substantially from its present £3,000 ceiling and ease some of the restrictions. However, the industry has been pressing hard for a much more important change: to allow tax relief on the way in instead of the way out.

That would be a major concession by the Chancellor. But it might form part of a general bid to encourage wider share ownership if it is going to be a "savers" Budget.

An additional fillip might be provided by scrapping stamp duty on share purchases, while possibly retaining it on property transactions.

With the *profit*-related pay scheme having flopped, the Chancellor might like to try again by encouraging the use of employee share ownership plans (ESOPs), which have made an impact in the US (see story below).

An even more radical idea, that could also be pinched from the US, would be an adaptation of the individual retirement account idea where savers are given tax relief on a given amount put into any kind of investment.

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The insurance industry has been lobbying hard to try to refute Inland Revenue claims that it is under-taxed. All kinds of smoke-screens have been put up, implying that the policy-holders would suffer if the insurance companies were forced to pay more.

Scrapping the special relief on qualifying policies would be one way of getting at the insurance companies, while at the same time continuing the Chancellor's campaign for a "level playing field" for savings products.

The same could apply to pensions, but this seems a bit unlikely in view of the Government's main pre-occupation with persuading employees to contract out of the State Earnings-Related Pension Scheme (Serps) into the private sector.

The unit trust industry has been lobbying hard for the "level playing field" theme to be extended to the so-called umbrella (fund of) funds. At present, offshore umbrella funds, many of which can now be sold and promoted freely in Britain on the same terms as authorised domestic funds, have an identifiable tax advantage over their UK rivals. If that is not put right, then a lot of the business will go offshore.

The Chancellor is also expected to take action against another kind of offshore trust: that set up for British residents as a means of deferring or avoiding capital gains tax. This opens the possibility of the net being spread wider to take in domestic trusts, which are somewhat of a British institution and do not fit happily with the rest of the European Community.

For those living offshore, or "foreigners" in Britain, the Budget could bring radical changes in their whole tax status. An Inland Revenue consultative document last year outlined the proposed new regime; it now seems just a question of how and when the proposals will be formalised. So, it could be an important Budget for expatriates.

Closer to home, there could be further amendments to the business expansion schemes. Supporters of these are hoping that the upper limit of £500,000 imposed in last year's Budget on all of them, with the exception of the new assured tenancy and shipping schemes, will be increased.

On the other hand, there is a strong case for scrapping the BES completely since they probably have fulfilled the original objective of creating new jobs and are now just a way of raising venture capital – at the taxpayers' expense.

One certainty is that owners of company cars will be hit again. The Chancellor said last year that the proposals he had in mind to increase tax on this "perk" were too substantial to introduce all at once, so he will be having another bite this time.

ESOPs: an incentive for staff

THE GOVERNMENT predicted last month that employee share ownership plans (ESOPs) would be "the main method in the 1990s of involving employees as share-holders in the companies which employ them." Yet, there is still not a single reference to ESOPs on the statute book. Come Tuesday, the last Budget of the 1980s might just change that.

ESOP is a concept imported from the US where these plans have a well-established legal status and benefit from generous tax concessions. In broad terms, an ESOP is an employee trust which acquires shares in a company and then distributes those shares gradually to the company's staff. The trust's share purchases are funded either by loans or grants from the company itself, or by external borrowings that will almost invariably have to be secured or guaranteed by the company.

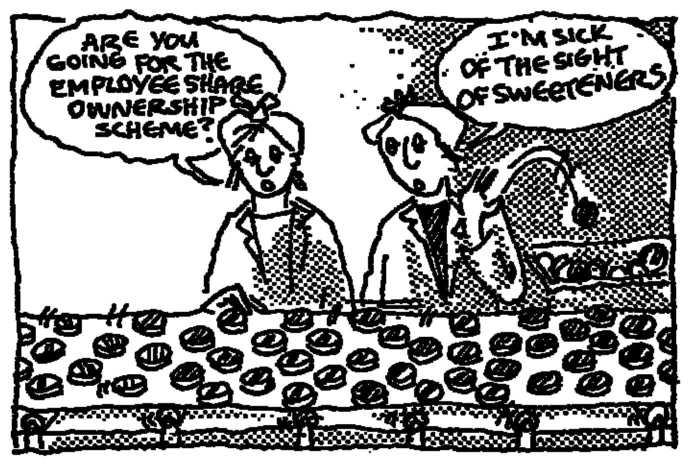
ESOPs are not designed to operate as a "stand-alone" incentive structure. Once the shares have been gathered by the trust, they will then be passed out to the staff using one of the conventional forms of employee share scheme – typically, a Revenue-approved share option or profit-sharing plan. So, what extra mileage can a company gain by setting *up an ESOP linked to an* approved share option scheme, rather than just making do with the option scheme?

In the first place, if a company issues shares to an ESOP it receives an immediate cash injection; and if the ESOP can be funded externally on satisfactory terms, then this could be a cheap way for the company to raise money. By contrast, if the company were merely to issue share options, then no cash would come in until these were exercised, usually at least three years later.

Second, if a substantial share-holder wants to sell and the company is anxious that the shares should remain in friendly hands, an ESOP might well be an ideal purchaser. Again, a share option scheme could not do the job.

ESOPs can solve the major problem for any private company wishing to provide an incentive for its staff – the lack of marketability for its shares. The trust can act as a market-marker, buying shares from departing employees and others who wish to sell, warehousing them, and then distributing them to new recruits.

Yet, in spite of these attractions ESOPs have made very little impact in the UK so far. Since there is no registration procedure, no-one has any real idea of how many have been set up.



Two main barriers have deterred UK companies. The first is section 151 of the 1985 Companies Act, which makes it a criminal offence for a company to provide financial assistance in connection with the acquisition of its own shares. Although there are certain dispensations for employee share schemes, these exemptions do not give blanket protection to a company funding an ESOP, so that the possibility of a criminal infringement is always lurking in the background.

However, this particular constraint should soon be removed. Last month, Government spokesman Lord Strathclyde told parliament that companies are to be given much wider scope to subsidise ESOPs. The DTI is giving a high priority to preparing the necessary amendment for insertion in the Companies Bill.

But even after the company law position has been regularised, ESOPs are unlikely to take off while their tax status remains uncertain. The major snag is that there will often be doubt as to whether payments by a company to an ESOP are tax-deductible.

For a profitable company paying 35 per cent corporation tax, this might well be a crucial consideration. The question of deductibility will depend upon the facts of each particular case and might often not be resolved without several years of wrangling with the Revenue and, sometimes, resort to the courts.

If the Chancellor wants ESOPs to make any real headway in the UK, then, at the very least, he will have to introduce specific *statutory rules allowing tax deductions* for ESOP payments. But if the Government regards ESOPs as an important means of achieving wider share ownership, then it might decide that a much stronger fiscal boost is needed. This should not require very much original thinking on the part of Chancellor Lawson and his advisors.

They can simply select from the galaxy of privileges that have ensured the success of ESOPs in the USA. These tax breaks oil the wheels of every stage of an ESOP transaction and benefit all the various participating groups.

Among the main reliefs that could be adapted easily to the UK tax system:

■ *Share-holders* selling to an ESOP defer any capital gains tax liability so long as they re-invest the proceeds in quoted securities.

■ Lenders to ESOPs are exempt from tax on 50 per cent of interest payments. (In practice, this has meant that ESOPs in the US have been able to borrow at discounted interest rates).

■ Companies can not only deduct all payments to ESOPs from their taxable profits but can also deduct dividends paid out to ESOPs.

■ ESOPs themselves are sheltered from income tax on dividends and CGT on share sales.

At the moment, none of these reliefs are available in the UK because our tax system does not even recognise the concept of an ESOP. Over to you, Mr Chancellor.

David Cohen

□ *David Cohen is a partner in the London law firm of Paisner & Co.*

BES companies back for more

WITH ONLY four days left until the Budget, there is likely to be a flood of money into Business Expansion Scheme issues just in case the Chancellor should decide to change the rules or scrap the tax relief.

Assured *tenancy issues*, which were introduced only last year, should be relatively safe but the more traditional capital venture schemes, where the maximum that can be raised was cut to £500,000 in the last Budget, could be under threat. They have been rather swamped by the deluge of assured tenancy schemes during the past 12 months but there are some still available for those investors wanting something a bit different.

Wheelchairs may be a rather dull commodity, but they are essential for many people in an area where the scarcity and importance of good design is at a premium. If you were buying a pushchair or pram, you would think about safety; if you were buying a car you would think about comfort. If you were buying a wheelchair you would think about both and the chances are both, would be both lacking. That is, unless you happened to know about the Squirrel, which is sold and manufactured by a company called Chairpower Products now seeking to raise £500,000 under a BES.

The Squirrel's design is not based on manual wheelchairs, which typically use two large driven wheels that steer the chair by turning at different speeds, coupled with two castored wheels like a shopping trolley. Instead, the Squirrel uses four relatively small wheels, which gives it unusual traction and mobility. It will even go over rough grass. It is collapsible and battery powered.

With £600,000 having been spent on development costs, funds are needed to manufacture and market. The minimum subscription of £200,000 has already been raised, but the company hopes to raise £500,000 by April 5. The issue is sponsored by Dartington & Co.

Spitfire Television is also hoping to raise development capital under a BES. The company has changed gradually from producing videos and commissioned titles for the BBC and corporate users to being a supplier of production facilities. It wants to expand by offering additional services such as telecine – the transfer from 16mm film to 35mm film to video in different formats – and sound mixing.

Its trading record since 1985 has had its ups and downs. Last year, it moved into profit again and reported pre-tax profits of £292. Spitfire argues that there is going to be a huge growth in demand for both programmes and commercials on the back of the proposed Channel 5, cable and satellite stations. The minimum subscription is only £500 and Matrix is the sponsor.

There are also a number of BES companies coming back for more money. This is not always a good sign, although all the companies described here are arguing more money is simply necessary to grow the business.

One such is Inca Gemstones, which is seeking an additional £500,000. Inca buys and sells fine coloured gemstones, particularly sapphires, emeralds and rubies. The company, which has just moved into profit after a good Christmas, is run by joint managing directors Darius Guppy and Ben Marsh, both Oxford graduates in their mid-twenties. Neither have much experience in the gem business, but the company does have a gemstone consultant with 43 years' experience. Profits to the end of its first trading year should be at least £110,000; Chancery is the sponsor.

Britannia Marine is also coming back for £5m to help with a £9.3m acquisition of a safety *standby* vessel operation, the Suffolk Marine Business. Standby vessels are required for all North Sea operations; 47 of the 69 survivors from the Piper Alpha tragedy were rescued by standby boats. The standby industry – which exists only in the North Sea – is said to be picking up and should continue to improve.

Britannia is a management buy-out launched on the BES in December 1987. It was then capitalised at £1m and, in its first year of trading, produced £250,000 in pre-tax profits. It has six standby vessels but wants to buy five more and three supply vessels.

The business is highly dependent on offshore oil and gas industry activity, and the standby and supply boat markets have both experienced recessions. This could happen again over the five-year period you need to hold the shares to qualify for BES relief.

Other shipping issues on offer include Short Sea Europe, sponsored by Lazard Development Capital, and a further £3m issue for Bromley Shipping. Both operate short sea storage vessels.

Shipping might not strike you as any more exciting than assured tenancies. But, when choosing BES ventures, it is worth bearing in mind that performance bears little relation to the entertainment value of a prospectus.

Heather Farmbrough

INTEREST RATES: WHAT YOU SHOULD GET FOR YOUR MONEY

	Quoted rate %	Compounded return for taxpayers at 25%	40%	Frequency of payment	Tax (see notes)	Amount invested £	Withdrawal (days)
CLEARING BANK*							
Deposit account	4.50	4.60	3.68	monthly	1	-	0-7
High interest cheque	7.60	7.90	6.32	monthly	1	1,000-4,999	0
High interest cheque	8.00	8.30	6.64	monthly	1	5,000-9,999	0
High interest cheque	8.40	8.70	6.96	monthly	1	10,000-49,999	0
High interest cheque	8.80	9.20	7.36	monthly	1	50,000	0
BUILDING SOCIETY†							
Ordinary share	6.00	6.09	4.87	half-yearly	1	1-250,000	0
High interest access	8.00	8.00	6.40	yearly	1	500	0
High interest access	8.25	8.25	6.60	yearly	1	2,000	0
High interest access	8.75	8.75	7.00	yearly	1	5,000	0
High interest access	9.00	9.00	7.20	yearly	1	10,000	0
90-day	9.05	9.25	7.40	half yearly	1	500-9,999	90
90-day	9.50	9.73	7.78	half yearly	1	10,000-24,999	90
90-day	10.00	10.25	8.20	half yearly	1	25,000	90
NATIONAL SAVINGS							
Investment account	10.75	8.06	6.45	yearly	2	5-100,000	1 mth
Income bonds	11.50	9.09	7.28	monthly	2	2,000-100,000	3 mths
Capital bonds	12.00	9.00	7.20	yearly	2	100 min.	3 mths
34th issue◆	7.50	7.50	7.50	not applica	3	25-1,000	8
Yearly plan	7.50	7.50	7.50	not applica	3	20-200/month	14
General extension	5.01	5.01	5.01	not applic.	3	-	8
MONEY MARKET ACCOUNT							
Schroder Wagg	8.83	9.20	7.36	monthly	1	2,500	0
Provincial Bank	9.60	10.00	8.00	monthly	1	1,000	0
UK GOVERNMENT STOCKS							
5pc Treasury 1986-89	10.42	9.13	8.35	half yearly	4	-	0
8pc Treasury 1992	10.61	8.52	7.26	half yearly	4	-	0
10.25pc Exchequer 1995	10.15	7.60	6.07	half yearly	4	-	0
3pc Treasury 1990	9.50	8.70	8.23	half yearly	4	-	0
3pc Treasury 1992	8.54	7.71	7.22	half yearly	4	-	0
Index-linked 2pc1992§§	8.21	7.80	7.49	half yearly	2/4	-	0

*Lloyds Bank.†Halifax 90-day; immediate access for balances over £5,000.◆ Special facility for extra £5,000 §Source:Phillips and Drew. §§Assumes 5.0 per cent inflation rate. 1 Paid after deduction of composite rate tax. 2 Paid gross. 3 Tax free. 4 Dividends paid after deduction of basic rate tax.

S&P makes the banking cheaper

SAVE & PROSPER is to make some big changes to its Robert Fleming high interest bank accounts from April 1. On its Premier Account, it will abolish all transaction charges providing the account has a balance of £1,000 or more. The overdraft interest rate will be 2.5 per cent over base rate (APR 18.8 per cent, which includes the £5 monthly charge when overdrawn).

There will also be no charges on the Classic Account providing it is in credit, but the overdraft interest rate will be slightly higher at 4 per cent over base rate (APR 19.2 per cent, which includes a £2 monthly charge when overdrawn). S & P has also abolished the £250 minimum transaction value on deposits and cheques.

A free telephone banking service will enable Premier and Classic account-holders to pay regular bills such as gas, electricity and so on, and to obtain details of balances.

■ ■ ■

Three new life term assurance protection products have been *launched by the MLA Group.* Life Assurance-plus provides a fixed amount of life cover for a selected period, but it is possible *to* have all the *premiums* returned at the end of the term.

The Income Insurance-plus provides an income for a selected number of years in the event of death with or without the option of return of premiums on survival.

Mortgage Protection-plus repays the loan if you die, but you *also have* the option of taking back the premiums at the end if you don't.

■ ■ ■

Stockbroker Robert White, part of the TSB group insurance and investment services division, has completed the purchase of another stockbroking firm, Earnshaw Hees. This will now become the London office of Robert White, which has offices in Cheltenham and Manchester and plans to open in Birmingham and Glasgow.

■ ■ ■

UK expatriate investors may be interested in CCL's recently launched offshore fund, the International Investment Bond. The minimum investment is $5,000 and the fund will be managed by Kleinwort Benson.

The bond allows UK expatriate investors returning home to transfer their investment into one of CCL's similar UK-based investment bonds before their return. Contributions may be added at any time and it is also possible to switch market sectors.

■ ■ ■

A new financial service for expatriates is being launched by Colebridge Cole & Robertson, the life and pensions broker, which is *linking* up with Royal *Skandia Life and the* Royal Trust Bank. CC&R will be in *Hong Kong* in April promoting its services – in particular, school fees planning, offshore pension provision and *mortgage finance for expatriates.*

■ ■ ■

Templeton Unit Trust Managers is marketing a regular investment plan which is linked to its two unit trusts, Global Growth and Global Balanced, that were launched in September 1988. The minimum investment is £20 a month and additional lump sums can be added at any time.

Initial charges are 6 per cent and the annual management fee is 1.25 per cent deducted monthly.

New York lure

A FREE TICKET to New York or Miami could be yours for the cost of one journey and a new building society account. All you have to do is open a Gold Plus account (minimum investment £500) with the Alliance & Leicester Building *Society before March 31*, and you will be entitled to have an additional economy class return ticket providing you buy a full adult economy return ticket for the same flight from Virgin Atlantic.

The Gold Plus account, which gives instant access for withdrawals, pays tiered interest rates ranging from 8.15 per cent to 9.25 per cent according to the amount you deposit.

Conversely, the society has also introduced a high interest account called Capital Choice where the rates of interest depend on length of the notice required for withdrawal. The highest annual rate is 10.35 per cent on an account with six months' notice, while the highest monthly rate is 8.85 per cent. On a one-month notice account, the annual rate is 9.15 per cent, and the monthly rate is 8.85 per cent.

H. F.

FINANCE & THE FAMILY

EXPATRIATES

In sickness, you need wealth

BRITISH EXPATRIATES are entitled to National Health Service treatment if they fall ill. True or false? The unsatisfactory answer is: "It all depends." Contrary to what many expatriates believe, a satisfactory record of payment of National Insurance contributions is not in itself a qualification for NHS treatment.

To take a real-life example. Tom Smith (not his real name) and his wife, Jean, found out the hard way. They are old-age pensioners living in Alicante, Spain. The couple draw a full UK government pension on the basis of contributions made during his working life as a British civil servant.

Last year, Mrs Smith became very ill and the couple travelled to London where she was planning to seek treatment in a major NHS hospital. She was told the bed alone would cost £216 a night – the same rate as for someone with no British connections.

Mr Smith thought it unfair that they should pay for his wife 's treatment simply because they happened to live in Spain, largely for health reasons. But, as he puts it: "Remonstrations and appeals, talk of a full record of NI contributions and government service were all to no avail. Those were *the rules and the rules* had to be obeyed."

The Department of Health and Social Security confirms the NHS is a residence-based scheme so that, generally, only people resident in the UK may use the facilities.

Criteria do, however, differ for medical treatment outside the UK, according to whether the expatriate is resident in the EC. Individual circumstances also play a part.

Someone going to another EC country for a short working period should be in possession of Department of Health certificate E111. This provides entitlement to the same medical treatment as a national of that country, which might be similar to or different from the NHS.

For example, in most EC countries you will be expected to pay for prescribed medicines, whereas practice regarding payment for hospital treatment varies from one country to another. Even in Belgium and France , where hospital treatment has to be paid for, it *might be possible to reclaim* up to 80 per cent of the charges from the local sickness insurance fund.

Another Department of Health certificate, E121, provides the same entitlements for British expatriates residing permanently in the EC who are getting either a retirement pension, invalidity or widow's benefit.

The UK also has reciprocal arrangements with several non-EC countries, the effect of which is the same as for British expatriates holding an E111 or E121 certificate in the Community. Among these countries are the US, Canada, Switzerland, New Zealand, Australia, Turkey and Austria.

In most non-EC countries, you will need to produce your UK passport in order to get medical treatment and in some, such as Bulgaria, Hong Kong and Poland, you will almost certainly be asked for your NHS medical card.

There is a further certificate, E106, for British citizens going to work in the EC for a lengthy period. They have to continue UK contributions.

Two further certificates are of relevance here. E119 provides medical cover for unemployed people who go to look for work in an EC country while still having entitlement to UK unemployment benefit. Finally, certificate E109 provides the equivalent of NHS medical cover for children of UK residents at boarding school in an EC country.

In addition to these arrangements, UK pensioners living in EC countries, or countries with which the UK has a reciprocal agreement on health care, are entitled to urgent medical treatment if they fall ill or have an accident while on a visit to the UK.

Peter Gartland

□ *Peter Gartland is editor of The International, the FT's magazine for expatriates.*

Q&A

BRIEFCASE

No legal responsibility can be accepted by the Financial Times for the answers given in these columns. All inquiries will be answered by post as soon as possible.

Caring and sharing

I AM A WIDOW living in part of a house which, until 1979, I owned. My husband died in 1976 and, after trying to let a portion of the house, I entered into an agreement to share it with a daughter and family.

The house was valued at £55,000 and, for the sum of £25,000, I entered into an agreement of tenancy in common. No actual share in the property of each party was entered on the item added to the official papers, but it was understood to be approximately half to me and half to my daughter and her husband. (Three names appear on the deeds).

I have a second (elder) daughter and, to safeguard her interests, I made a will leaving my estate to be shared equally between them. At that time, it would have meant my younger daughter paying out my elder daughter with the share of the monies of the estate.

Due to the rise in the value of property, the situation now is that the quarter share in the property (which is what should go to my elder daughter) is worth £75,000 and total monies are £25,000.

My younger daughter is concerned that she might have to sell the property to pay her sister her share, and is also worried that there could be a considerable amount of inheritance tax. Can you tell me:

1. What is the amount at which inheritance tax has to be paid? What is the rate?

2. Is there any way I can help my younger daughter and not be too unfair to my elder daughter?

3. Are there any ways in which I can reduce my total estate? I need to retain the monies of £25,000 to live on the interest.

■ 1. The first £110,000 is exempt from tax; the rate is then 40 per cent.

2. Yes, you can make provision by codicil-charging all inheritance tax on the rest of your estate in exoneration of the house.

3. You can make gifts of capital of up to £3,000 in each year without attracting a charge to inheritance tax.

You should note that if there are only the three names as tenants-in-common, and no more is stated in the deeds, your interest would one-third, not one-half.

Building a future

I AM contemplating demolishing my present home and rebuilding two detached properties. Because of the superb views and location of the site, my wife and I wish to retain one of the properties to live in for the rest of our lives.

There will be a period of up to one year while the demolition and re-building takes place, during which we will live in temporary accommodation. How do we minimise or avoid CGT in this situation?

■ Subject to any changes in the law, the broad guidelines are:

1. Do not divide the plot in any way until after the sale contract for house A (assuming that you will be retaining house B); continue to use the whole of the land just as you *always have*, until after the sale contract.

2. Furnish both houses and live in both of them – spending nights in both; you can have your mail addressed to house B, for convenience.

3. Submit a joint notice (under section 101 (6) (a) of the Capital Gains Tax Act 1979) that house A be treated as your joint main residence with effect from the day you move into it.

4. At the appropriate time, subject to your solicitor's guidance, submit a notice that house B be treated as your joint main residence with retrospective effect from a day recommended by your solicitor.

These can be no more than suggestions on the bare facts outlined: you must be guided from the outset by professionals who know their way through the rules (and keep abreast of changes proposed in this year's Budget and Finance Bill).

Alarmed by a car

FROM THE beginning of November, someone has been parking a car in my road around lunchtime two or three times a week, leaving it wired to a pre-set theft alarm which goes off at 1.50 pm and continues to do so several times until around 2.40 pm, without anyone coming to switch it off.

This is a stretch of classified road and a bus route, where there should be no parking. The police do not appear to want to know and the council cannot do anything because the nuisance is not in a property. Is it possible to obtain an injunction?

■ You should revert to your local authority (Environmental Health Department) and try to get it to prosecute the car owner under section 62 of the Control of Pollution Act 1974 for use of a loudspeaker on a car which does not fall within the stated exceptions.

Let there not be light

I LIVE IN a bungalow in rural surroundings with no street lights. My new neighbour has installed 500-watt floodlights at high level, front and rear. These lights illuminate my main bedroom (even with the curtains drawn), my second bedroom, lounge and most of my rear garden. After a complaint, the lights are now switched-on only from early dusk until 11 pm weekdays and after midnight at weekends. The only respite we get is when the occupants are away.

I find it difficult to get to sleep while the lights are on and this is affecting my health and my temperament. Can I make my neighbour re-locate the lights so that they cease to be a nuisance, or do I have to move house?

■ It sounds as if the conduct of your neighbour could well constitute a common-law nuisance. You should consult a solicitor with a view to sending a formal letter requiring the neighbour to abate the nuisance. The problem you might have is to obtain the evidence needed to prove your case if you have to seek an injunction in the courts. Expert evidence on the intensity of illumination could be needed, and this can be expensive.

MINDING YOUR OWN BUSINESS

Shaken and stirred by misfortune

Roy Hodson profiles a man who was sacked as a stockbroker but now owns Britain's biggest inland marina

ACCORDING to popular myth, former stockbrokers forsake the City of London for the peace and comfort of Hampshire estates or imitation Tudor homes in Surrey.

When Tim Coghlan, 41, became another casualty during the wave of sackings in the financial markets last year, losing his job with stockbroker Matheson Securities where he had been financial director-designate, he was a shaken man. But he was fired by one unshakeable goal: he determined to start his own business and never work for anyone else again.

After assessing his capabilities as best he could, he decided that success might lie in one of three possible areas: advising on pensions (he is a chartered accountant); running a joinery business (he converted two cottages into a family home); or running a boating business (he has a half-share in a Contessa 32 cruiser-racer).

Then, reading the *Financial Times* on the train to Waterloo one morning, he spotted "the advertisement that changed my life." Accountant Deloitte Haskins and Sells, acting as receiver, was offering for sale a marina business based on the historic Braunston canal basin in Northamptonshire, at the northern end of the Grand Union canal.

The 11-acre complex, founded in 1790 early in the canals' era, included dry docks, boat berths, repair sheds and offices. Just about as far from the sea as it is possible to be in England, and a rather run-down place, Braunston was nevertheless the biggest marina on the entire inland waterways system.

Less than a year later, Coghlan controls a company which is rapidly improving Braunston with the aim of making it the show-place of the canal system. There are to be new cottages, flats and a pub. The marina is being renovated and will be enlarged. The historic buildings are being picked out in their traditional colours of black and white, with a touch of bright blue. The dry docks are being restored to use, with new pumps that can empty or fill a dock in an hour. Leases have been let for shops and a chandlery. Coghlan, who is acting as his own manager, accountant, site foreman and occasionally general labourer, says: "It will ultimately be a £1m development and I expect to be making a profit of £250,000 a year for our shareholders by the third year of trading."

But getting to his present position as half-owner and managing director of an expanding business has meant undergoing almost a year of the most alarming series of experiences he has known.

The first shock was when he discovered that Braunston, as offered for sale, had a lease of only 24 years from the British Waterways Board and that there was an unrealistically high asking price of £500,000. He resolved to try to get the price down, and then to provide personal finance for the marina by selling his house and unlocking some of its £300,000 capital by buying a cheaper house in the Midlands.

He also set about trying to raise venture capital in London. Some months later, he was a sadder but wiser man. In spite of his 20-year City connections working in stockbroking and financial institutions, he failed to raise a penny from venture capital sources.

Meanwhile, he entered into a tortuous series of negotiations with the receivers and the British Waterways Board. As other bidders dropped out, disliking the short lease, the price of the property came down gradually towards £300,000. But Coghlan was aware that there was always a possibility the BWB might see the price fall far enough to be able to buy-in the property for itself.

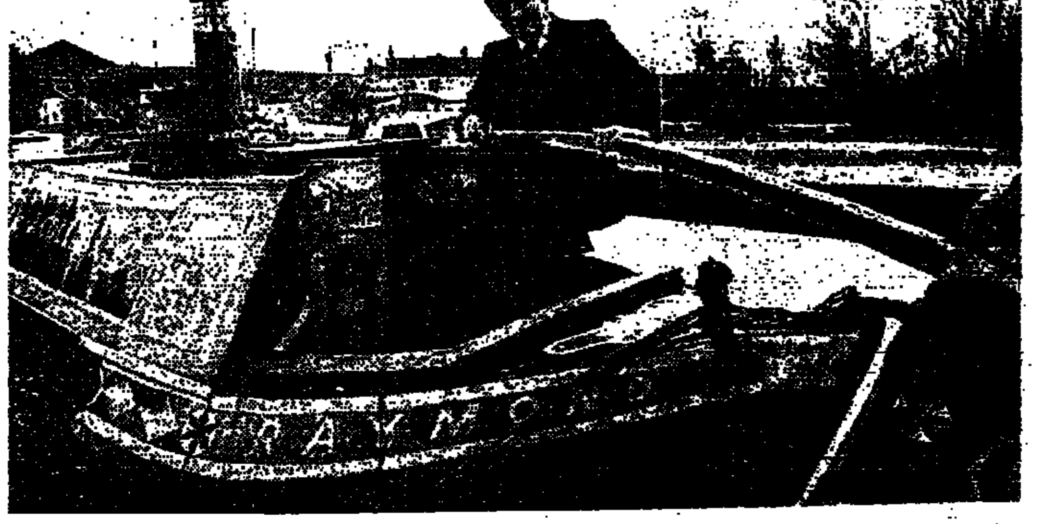
Then, the BWB startled Coghlan by demanding that a new lease should include a punitive clause concerning repairs to the property. Unless all the repairs, estimated to cost £250,000, were carried out to the board's satisfaction in under two years, it could confiscate the property.

Lloyds Bank, which had been prepared to help finance Coghlan, pointed out that such a clause made the lease virtually worthless as collateral for a loan and the deal looked like foundering on the rocks of finance when Coghlan finally quit the City in August last year. But he resolved not to give up, and he found that Barclays Bank in Northampton would be interested in helping – if the problems over the lease could be resolved. Meanwhile, he abandoned his hunt for venture capital and set up a scheme to raise £150,000 from City friends and contacts through a Business Expansion Scheme.

He says he saw a solution to the log-jam over the lease while he was shaving one morning. If the proposed lease was useless as collateral until the repair work was completed to the BWB's satisfaction, then, he reasoned, probably the only people who would lend money on the property in the short–term would be the present owners who were trying to sell it through the receiver. Those owners turned out to be the Hong Kong and Shanghai Bank.

Many meetings and (for Coghlan) sleepless nights later, the bank agreed to his proposal. There was a day–long meeting of 10 experts in Manchester – Coghlan and his advisers, the two banks, solicitors and the receiver. Coghlan got his marina for £312,500. "The professional time and effort that went into closing it was worthy of a multi-million pound deal," he says.

■ *Braunston Marina Ltd, 0788-891-373).*



Tim Coghlan at his marina . . . he's determined never to work for anyone else again

Into the future, with hope

David Fishlock reports on two men who are banking on developments that have not yet taken place

MOST PEOPLE go into business with something they believe will sell. Britain's latest biotechnology venture is different. Its principals see only opportunities opening somehow, somewhere, in the future, in an area of academic science remote from most people's understanding. They have created a company that will try to seize those (still unspecified) opportunities as they emerge.

Stephen Bunting and Alan Monro, as founding directors, are stronger on what Immunology Limited will *not* do than what it will do. It will *not* try to ape anything British biotechnology ventures are already doing. But the key appointment – chief executive – has not yet been made, and it will be his or her first task to mastermind a business plan.

Bunting joined Abingworth Management, a London venture capital company, from N. M. Rothschild, to help found a new fund specialising in biotechnology ventures along lines pioneered by Rothschild's successful Biotechnology Investments.

Bunting was, however, keen to try something Rothschild had not tried: namely, to help start a company from scratch instead of financing plans drafted by others. "That way you get the people and structure you want." The time to try, he says, is early in the life of a new fund before the problems of managing a large portfolio of investments become too demanding.

Bunting talked widely with pharmaceutical companies about the untapped opportunities for biotechnology. He wanted the company to work closely with established drug companies to invent future therapies.

He decided the science to go for was immunology, the working of the body's defences, which is moving very rapidly. The biggest opportunities for immunotherapy lie in three broad directions: cancer, autoimmune diseases such as AIDS, and organ transplants, all of wide public interest.

Bunting approached Dr Alan Monro, 52, head of immunology at Cambridge University and a consultant to his fund. He persuaded Monro to abandon a 30-year career as a don, to freeze his pension, and to become research director of the new Cambridge-based company. Bunting also persuaded an ICI scientist, Dr Bill Duncan – managing director of Cooper Animal Health, the ICI-Wellcome joint project – to be non-executive chairman of the embryonic venture.

Abingworth itself has invested £500,000 in immunology; enough, says Bunting, to lease its first labs and hire staff. Once it has a business plan, he expects to raise another £3m from Abingworth biotechnology investors to launch it into its first research.

Everything, though, pivots on the appointment of a chief executive. The specification Bunting and Monro have drafted is pretty daunting. "Above everything, strong business skills," Bunting says, while also wanting an entrepreneur with a technical background, preferably experienced in the development of drugs.

"Small-company experience would be ideal," he adds. Most important of all: "We want someone who is motivated by stock appreciation rather than salary. The right guy is going to end up very wealthy." For that reason, the starting salary they have in mind is only about £75,000, although they are "prepared to pay what it takes."

They envisage a company designed to grow smoothly and steadily in value, rather than dramatically quickly, so that tempting stock options can continue for some years to be a major factor in recruiting staff.

■ *Immunology Ltd. St John's Innovation Centre. Cowley Road, Cambridge. (No telephone)*

David Lenton: close-run thing

Making a spectacle . . .

SPOTTING an opportunity is one way to get into business for yourself. Actually creating an opportunity is much rarer. It can be a route strewn with obstacles as David Lenton, 45, found when he ranged himself against the might of the opticians' lobby.

Looking back over his battles of the past couple of years, and the risks he ran of losing all his capital before ever actually getting into business, he agrees that it was a close-run thing at times.

Lenton campaigned for the right to sell ready-made reading glasses, without prescription, through shops at prices well below the ruling prices charged by opticians for prescription spectacles. For a period last year, he was spending his own money at the rate of £5,000 a month, lobbying for parliamentary support for his cause.

It is now history that an amendment to the Health and Medicine Bill to permit such glasses to be sold freely was approved in the Lords by just four votes on a free vote. So, round one went to the tenacious Lenton, a marketing man based in the north-west.

He is now shaping up to win round two. That would be a sizeable stake for his newly-formed company, Readi–Read, in an estimated £35m–plus annual British market in over-the-counter reading glasses. The market opens for business on April 1 when his plans will become legal.

Lenton has formed Readi-Read with an accountant friend, Ray Griffin, 46, and with financial backing from a venture capital company called 3i.

In a scramble against fierce competition to be first into the market, Lenton is hiring an initial staff of about 20 headquarters people and a sales team, together with a national force of some 50 part-time merchandisers to keep the shops stocked with glasses.

Earlier this month, he moved the new business into a 6,500 sq ft warehouse and office on the Arrowe Park business park, Wirral, Merseyside.

By April 1, he will have imported more than 100,000 pairs of reading glasses from factories in South Korea and Hong Kong and will have a good proportion of them ready for sale in the shops. During the past six months, he has made three trips to the Far East to search out suppliers

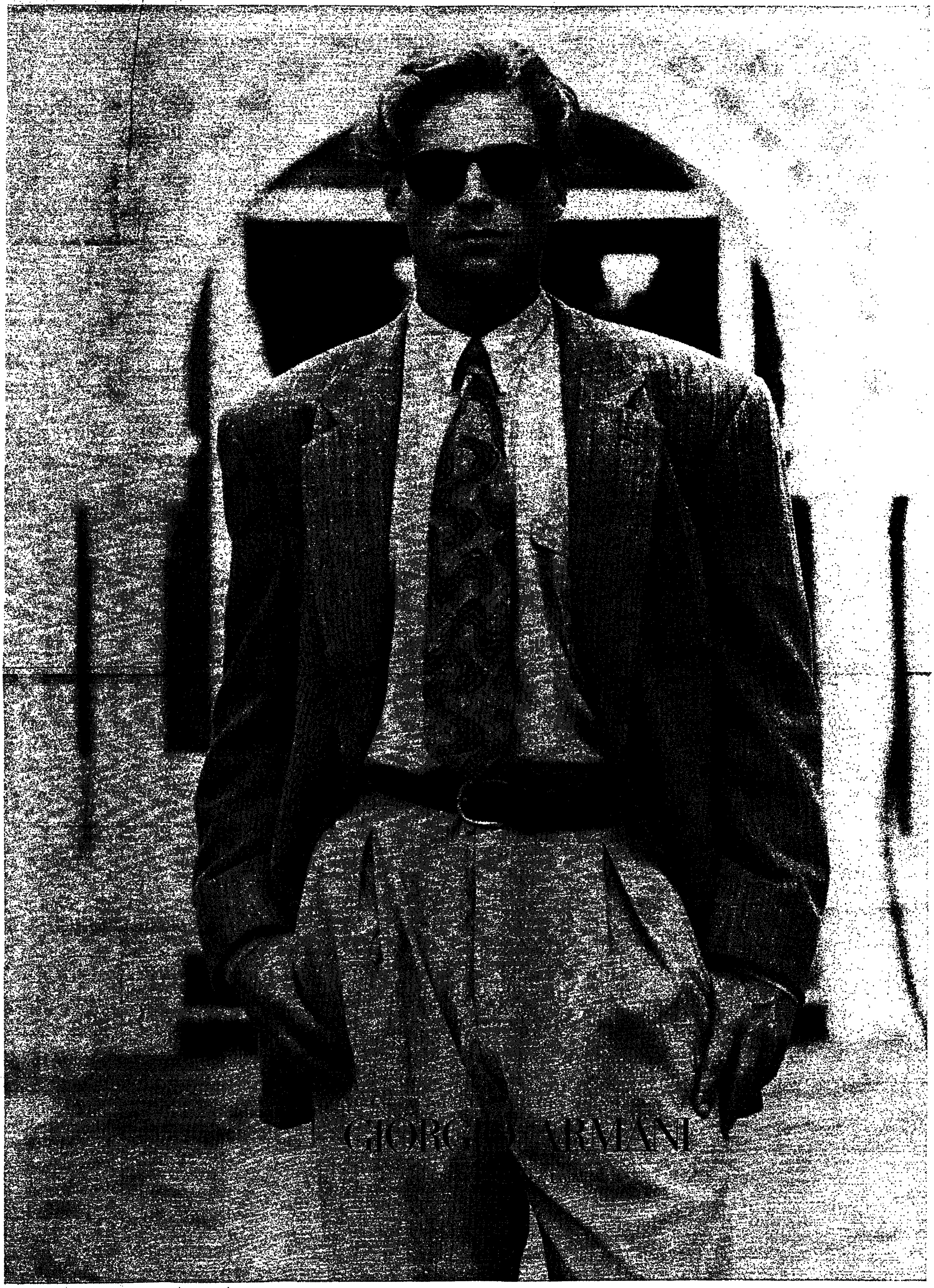
Lenton has set his sights on capturing up to 20 per cent of the British market in ready-made reading glasses, with the spectacles – in a range of styles and nine different optical strengths – all selling at a standard £12.99. The factory gate price for them in the Far East is about £2.50.

He is supplying shops with sales stands holding racks of the glasses, colour-coded according to strength. Buyers will self-test their eyesight with a small sight-testing chart.

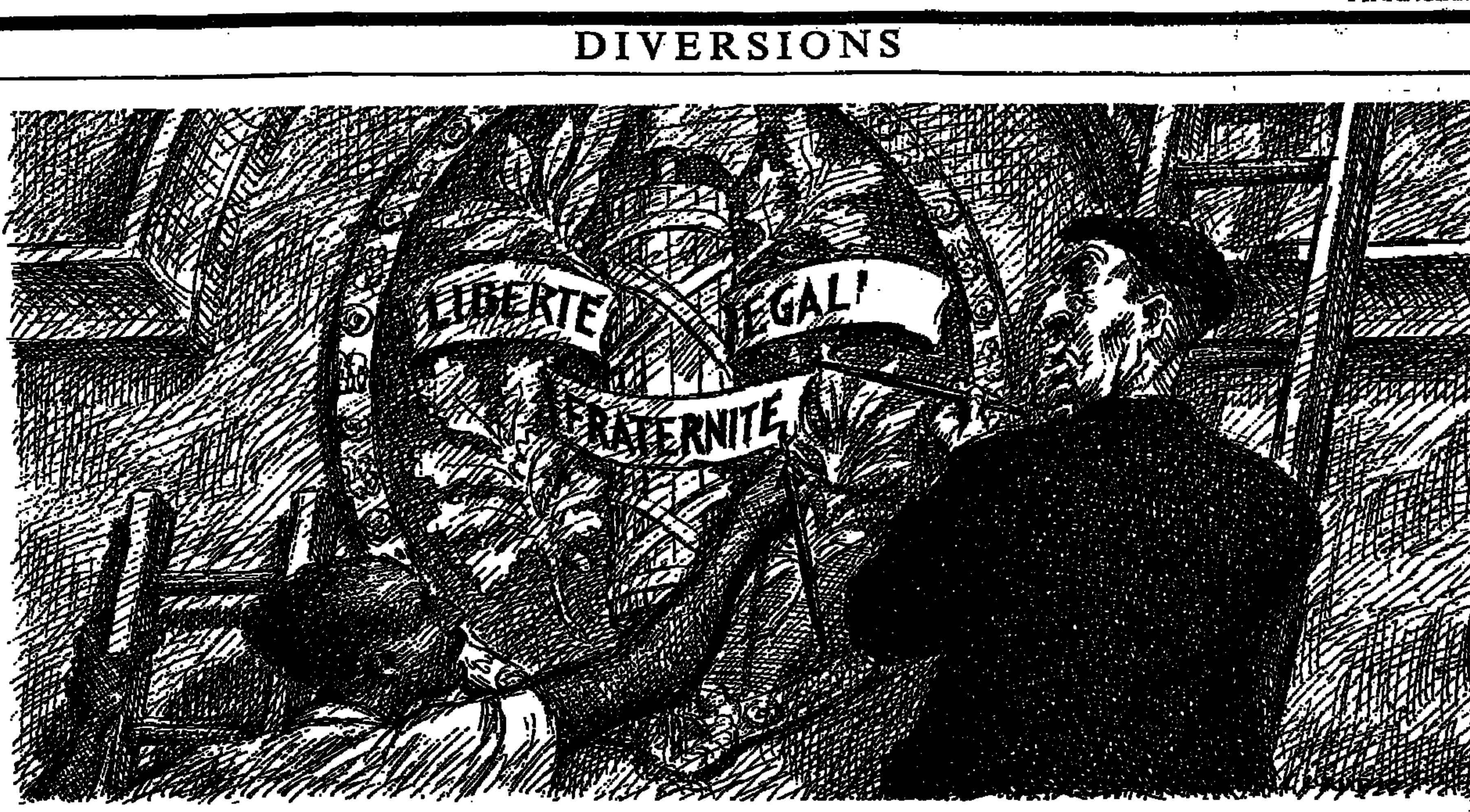
Lenton and Griffin have invested £150,000 in the venture and 3i is putting in £600,000. They are forecasting a turnover of £1.5m in the first year.

■ *Readi–Read (office address) 1–2 Charles Street, Wrexham, Clwyd (tel. 0978-355-023).*

R. H.


GIORG ARMANI

"WE HAVE the Spanish and the Portuguese, they're all right. We have the West Indians, they know how to behave but then they're French. Then there are the Africans, most of them aren't too bad. But the immigrants, they're dreadful."



Bridging the cultural divide

French voters go the polls tomorrow in the first round of municipal elections. Immigration is a major issue. Jennifer Monahan looks at how the country is tackling the problem

So says the caretaker of a tower-block in Les Minguettes, a township to the south of Lyon. In France its name evokes images of urban disorder. By "immigrants" he meant North Africans – Algerians in particular. Popular attitudes to the Maghrébins echo views found in Britain about West Indians.

The North African Arab, in addition, provokes the special sort of antipathy directed in Britain at people from the Indian sub-continent, since his culture and religion are non-European. With Islam the second faith of France, reactions in the Rushdie affair are watched anxiously – not least among the moderate majority of Moslems. Ask a taxi-driver to take you to Les Minguettes and the reply could come from a London cabbie, asked to drive to Broadwater Farm estate in east London: "Madam, you do not want to go there."

The French problem though is not so much an inner-city as an outer-city one. The satellite townships that sprang up in the high-employment Sixties belong to a different planet to the prosperous centres of France's major cities. What strikes you most about these developments is their size. They are enormous.

Each one has several different neighbourhoods or *quartiers*, some relatively sought after, others avoided at all costs, (the latter invariably associated with "immigrants"). The developments were built to houses as many as 20,000-30,000 people each, often doubling the population of the local commune on to which they were grafted. For those I visited, outside Lyon and Paris, "estate" would be far too small a word. The French call them *cités*. Tourists who glimpse the *cités* low-cost, high-rise HLMs (*Habitations à loyer modéré*) from the motorway wonder how human beings can live in them.

Yet Les Minguettes, the most notorious *cité* of all, has a certain beauty. It stands on a high plateau and on a sunny day shines white, like some modernistic Camelot. The concrete towers overlook stretches of open space. There are tennis courts, a swimming pool, a football-ground, a cinema, a shopping centre. It is only on closer inspection that you discover that all 11 tower-blocks of the *quartier* called "La Démocratie" stand empty, walled up, that nearby shops are derelict and that the one place to eat is closed in the evening.

Les Minguettes became headline news in the early Eighties not because of full-scale rioting but spasmodic bursts of violence and lawlessness. The "worst" *quartiers* became effectively no-go areas. Media coverage alerted the country to an urban situation that had gone catastrophically wrong. But what exactly had happened?

In the Sixties, the new urban developments provided essential housing for workers in expanding industry, also for the French who had lived in Algeria until the war and independence. In the Seventies, foreign migrant families were also provided with HLM flats as their home-made *bidonvilles* were evacuated in slum clearance schemes. North Africans were often a half or more of the total of foreigners to be rehoused in a *cité*, and all arrivals of foreign origin amounted normally to between a quarter and a half of a *cités* inhabitants. The distribution added to frictions: large families with the rural customs of the Maghreb were often housed all together in the same tower-blocks, causing local unease.

The more the migrants moved in, the more the French moved out: anyone with the means acquired a private house. Vacancies grew, empty flats were vandalised, or squatted, more people still wanted to move out. The unskilled, the elderly, the single parent, the immigrant and his family – all those who had no choice – were left behind. And the working population, whether French or foreign, had less and less work: between 1975 and 1982 in Les Minguettes, for instance, unemployment rose from 5.5 per cent to 13 per cent; in 1982, more than 60 per cent of youngsters between 16 and 19 were unemployed. A high birth rate creates an exceptionally young population – in Les Minguettes half is aged under 21. Comparable figures spell out a similar story in other areas where migrants settled: the south, including Marseilles, the Paris region and the north east.

The French Government decided it was essential to tackle the multiple disadvantages suffered in so many of the modern cités. A National Committee for the Social Development of the Quartiers (known as the DSQ) was established. Two ideas have governed the DSQ approach from the start: Partnership and Solidarity. The aim is to draw on all resources: governmental, administrative, institutional, public, private, professional, voluntary. The committee aims at the same time to work hand in hand with the *quartiers* themselves, drawing on local ideas, talents and resources. The guiding principles are: first, that everyone has a role to play; second, that the problems cannot be tackled piecemeal.

The committee, representing central government, has had an annual budget of Ffr 200m (£20m), increased to Ffrs 300m this year. It is never the sole source of finance for a project. Its own contribution is quadrupled by funding from other sources – local and regional government, construction companies, savings banks and so on. The DSQ provides a channel of access to the relevant funds, it sets a framework for innovation, and it monitors results. Its activities divide roughly equally between buildings and people. Examples of activities on the ground since 1983 provide fascinating lessons for any country which faces the same problems.

In 1982-3, *for example*, secondary classrooms in Les Minguettes were half empty; those children not playing truant – according to a teacher – had to make notes keeping one hand on their pencil-case to prevent it being pinched. The schools were persistently vandalised. Parents joined forces to plead for change.

In '83 the *cité* was made an "Educational Priority Zone," with more teachers and better pupil-teacher ratios. At the same time, pupils' disadvantages were approached on all fronts. A major problem was homework – which in the French system plays a decisive role in scholastic success or failure. Many children could not or would not work at home, and saw school as an institution from which to escape. The answer was a place outside the school, made available by the social services, where anyone with something to contribute, parents, older pupils, social workers and teachers could be on offer to help. The idea took off. The children came, the place is now packed. Gradually, school itself has become a place the pupils feel has something to offer.

Crime in the *cité* has by no means disappeared but it has dropped spectacularly. Since the tense days of confrontation, policing in Les Minguettes has followed a new pattern, with the emphasis on foot-patrols, professionalism and above all talking to people. Arrests have become better targeted, and have in fact increased; complaints on the other hand have decreased.

One contribution I saw in action came from a professional group known collectively as "preventive instructors". Essentially, the instructor keeps young people with a delinquent record out of trouble by being available as adviser, guide, and intermediary – bridging the gap both with families and with the world outside, magistrates and employers included.

Employment, real employment with security and prospects, remains as illusive as ever. The various local centres established in partnership with the DSQ to help train and place young people have no illusion about the nature of a highly competitive market. In Vaulx-en-Velin (to the south-east of Lyon), the co-ordinator of one such centre outlined a situation recognisable to anyone who has ever tried to place under-qualified school-leavers.

"The kid who has his *Baccalauréat* has a chance, but less than before because so many who've passed their Bac now top it up with a professional qualification. The kid who leaves the Bac stream and gets a CAP (technical qualification) finds it's of less and less use. And the kid with nothing to his name, he knows he's going nowhere." He added that hardly more than 50 per cent of pupils in the commune were still in the Bac stream after the age of 13.

Even so, with training schemes finely-tuned to local needs and capacities, and assiduous attention to making direct personal contacts with employers, the Vaulx-en-Velin centre increased its placements from 75 in 1984 to 700 in 1988.

In the six developments I visited, problems of health, including mental health, were mentioned. So far links between the DSQ network and the health-services have been slow to develop. One local initiative, however, gives an indication of what is possible when a problem is tackled on all fronts. The locality is Orly, to the south of Paris, and the problem is hard drugs.

In 1982 Orly town hall launched a drug addiction committee which assembled doctors, nurses, teachers, social workers, youth workers, "preventive instructors" as well as police and elected councillors. Chaired by a young woman doctor employed to run the commune's public health services, the committee set about co-ordinating the many different approaches. By pooling contacts, addicts could be identified and helped, from in-patient treatment to follow-up support. Personal links with families and publicity in the local press encouraged more open discussion. Two years ago, the main dealers were arrested. Others who moved in from outside could not find a toehold.

Racial discrimination remains a problem not directly tackled. Combined with market forces, this particular handicap has, over the years, created a new crisis in housing. Local authorities, terrified by the "ghettos" they saw formed in the seventies, started establishing quotas for the proportions of immigrants they would allow into a *cité* – illegal but widely applied on the Left as well as the Right. Those willing to open their doors to all arrivals have found themselves, again, with the families no one else will have, mainly large, often North African.

The restrictions on access to the HLMs – main source of subsidised housing – thus drives the most needy into the private rented sector, invariably substandard and overcrowded. And even this type of accommodation is in shorter and shorter supply.

Since first-generation immigrants do not have the vote, not even in municipal elections, they themselves have no say that counts. Their French-born children will have, but in the meantime many lack a decent roof. The HLMs, a fair proportion now renovated and attracting back a wider social mix, nevertheless still have far too many flats standing empty.

Mantes la Jolie, on the Seine 60 km to the north west of Paris, has established a novel solution. On the edge of the old Mantes is le Val Fourré, a *cité* put up during the car industry boom. Ten different companies run the *cité's* 8,300 HLM flats; large local employers have a right to a quarter of the stock, for which they pay a statutory tax on turnover. The socialist mayor of Mantes, Paul Picard, decided the customary inflexibilities of the system were not to be tolerated.

Over five years, Picard persuaded all the parties involved to produce detailed studies of their quartier, to share the information, and to allocate flats according to commonly agreed priorities, the aim being a viable social mix. A computer programme handles a housing "stock exchange," which pools applicants' requirements and offers details, not only of the accommodation but of the neighbours above and below, the local facilities, and so on. Applicants thus opt not just for a flat but for a *quartier*. Fine tuning is again the key, and the backlog of vacancies is clearing.

As Paul Picard stresses, today's "immigrant" problem is literally being outgrown as the second generation takes over from the first. He also points out that France is largely made up of people who were once immigrants. "Diversity of cultures brings a richness, for France and for Europe. Immigrants are a plus." Not many mayors express themselves this way in the run-up to municipal elections.

A new inter-departmental body is now being created. It will not replace the DSQ's work, which is to continue, but aims to draw whole towns into co-operation with the state, providing a framework for a more cohesive urban society: in other words, partnership and solidarity on a broader base. Towns are already queuing up to sign their contract with the state.

But for "immigrants," there still remains the special problem of racial discrimination. Noticeably, the younger generation of Arabs (and Turks) wants to integrate. There are those who have turned towards moslem fundamentalism but the vast majority want to belong in France, and think this not just possible but inevitable. You meet none of the pessimism that is so often a feature of conversations with young British Blacks and, increasingly, with Asians growing up in Britain. But integration is not exclusive. "I've opted for French nationality," said a girl in Les Minguettes, "but it's not a question of being either French or Maghrébine. I'm both." She added with a wicked smile ". . . as and when it suits me."

Despatches

It's cold in them thar hills

David Owen braves temperatures of 50 below to frolic at the 10-day Sourdough festival in Canada's Yukon

UP HERE, 450 miles south of the Arctic circle, they regard the greenhouse effect as a peculiarly unfunny joke. This frame of mind derives from the fact that the Yukon – that mountainous, triangular swathe of Canada to the east of Alaska and about the size of France – has been buffeted by its severest winter for many years.

In a region which is not blessed with the most convivial of climates, this means suffering four weeks at a stretch with temperatures down to minus 50 deg C or lower (excluding the wind-chill factor). It means driving home at the end of the day with tyres frozen rigid. It means experiencing a tickling sensation in one's nostril on inhaling, as the cold air causes one's nasal hair to congeal.

Seldom can Yukoners have looked forward with more intense longing to their midwinter frolic: the 10-day Sourdough festival, their annual excuse to let down their hair and keep encroaching cabin fever at bay.

And let down their hair they do.

The entire female population seems to be attired in figure-hugging turn-of-the-century outfits, harking back sentimentally to the glory days of the Klondike gold rush when men were men and Dawson City was the largest Canadian township west of Winnipeg.

The bars and hotels are full of musicians and cabaret performers. And a string of entertainments in the syle of *It's a Knockout* – combining for the most part imagination, booze, gluttony and scatology – are entered-into with a whole-hearted exuberance.

Selected highlights include a flour-packing contest in Main Street, sessions of clubbage - a complex local card game in which anyone turning up a card of the fateful suit is compelled to imbibe a beverage – *and a hairy leg competition* for women. A troupe of local can-can dancers does the rounds.

The *pièce de résistance* for the uninitiated, however, is the start of the 1,000-mile Yukon Quest dogsled race with which the festival opens. This annual trek through the wilderness from Whitehorse to Fairbanks, Alaska, must rank among the world's supreme tests of sporting endurance.

The noise as (watching my step) I approached the dog lot, where contestants and their 11- or 12-dog teams were gathered before coming under starter's orders, was quite extraordinary.

Like apprentice coyotes, 500 red-blooded husky crossbreeds, their feet swathed in protective blue and orange booties, yapped and bayed in their impatience to get on with the race. From time to time some leapt vertically 3 ft into the air. *Their drivers, or mushers*, meanwhile paced nervously up and down in the shadow of their pick-up trucks, or kissed their loved ones goodbye.

All were prepared to spend the next 12-14 days on the move or camping rough in one of the most hostile environments known to man.

By *way of equipment*, the 43 starters (five of them women) carried just a sleeping-bag, an axe, a compass, snow-shoes, food for the journey and (shades of America) copious promotional material. Their lightweight sleds, sponsored by the likes of Tutshi Tanning and Ron's Custom Farm Service, looked pathetically inadequate for the task ahead.

As well as a cast-iron constitution (tales of lost fillings and prostate problems caused by the constant juddering are not uncommon), competitors must possess well-honed survival skills and an elementary knowledge of veterinary science.

It also helps to be a certified insomniac. "How much sleep will you get between here and Fairbanks?" I asked Fred Jordan, one of the favourites, during his pre-race preparations. "Nearly nothing," the laconic musher replied.

As the teams sped on their way, like pursuit cyclists, at two-minute intervals across the freshly-laid snow, race compere Doug Bell offered spectators brief pen-portraits of each competitor.

From this, it became clear that just as Miss World contestants are professional models whose ambition is to travel, dog-mushers tend to be trappers or pipeline workers with a desire to design and build a superior racing sled.

While welcoming visitors from the neighbouring Northwest Territories, Bell also hinted at a slightly more serious purpose underlying the week's good humouredly zany activities: that of reinforcing northern kinship.

"This would be a good time to cut that string that holds us to the rest of the people south of us and form our own country, wouldn't it?" he hazarded. The crowd chuckled and roared its approval.

TRAVEL

The undisputed mistress of the Booriganga river

***Kevin Rafferty** falls prey to the charms of an ageing paddle steamer in poverty-stricken Bangladesh*

IT ANNOUNCED its arrival with a hooter blast that rent the air — as clear, as demanding, as majestic as a rehearsal for the Last Trump. It repeated the sound and the constant hubbub all around was drowned and stilled in awe. Smaller fry scuttled to get out of the way. The Rocket had reached the quayside.

To a fastidious westerner, used to gleaming pristine yachts, The Rocket is more impressive when heard than seen. The blast from her hooter might awaken the dead, but the grubby unkempt physical appearance of the clearly ageing paddle steamer would cause caring seafarers to turn in their graves. The vessel shows its age. She is swollen with passengers, grimy from constant work and painted a dingy yellow.

But The Rocket is the mistress of these rivers, and a voyage in her is the best way of exploring the largest delta region in the world. Do not expect luxury. This is Bangladesh, a teeming land of 110m people sardine-packed into an area smaller than England and Wales — poorest country on earth apart from war-torn pockets like Cambodia, Chad and Ethiopia.

Sardar Ghat on the Booriganga River in old Dhaka is where the meandering 24-hour, 210-mile (350km) voyage to Khulna starts, and offers a good introduction to the problems of Bangladesh. It is not only an eyesore, but a nosesore and earsore.

The scene is like a huge boil swollen with pus from which human beings emerge. But if you can somehow ignore the skeletal poverty, the constant jolting and thrusting of crabbed hands of eight-year-old kids and crippled crones who look 80 but must be 40, all begging for "baksheesh" (alms), the raucous cries of the kaleidoscopic marketplace, the stench of rotting vegetables, the cawing of bloated scavenging crows — then it is a fascinating sight.

This is the port in the heart of the capital. Since Bangladesh is riverine, many of its goods arrive here, bananas in all hues from emerald to bright yellow, coconuts, pineapples, assorted consumer knick-knacks, bricks, cement, steel rods, flour.

They are carried by the heaving and grunting headload from the rickety boats and placed on every kind of transport imaginable, a few wheezing lorries, handcarts, buffalo carts and cycle rickshaws.

Boats of all shapes and sizes litter the brown soup river. A few are motor-powered but most are home-made country boats, from skiffs that look as if they should hold two people but always accommodate 20-plus a couple of bicycles, to huge laden cargo carriers.

The Rocket dwarfs them all — big enough to take almost 1,000 passengers. There are actually three vessels that share the name. The smallest is MV Tern, which holds 550 passengers by day, 366 at night. The workhorse is MV Ghazi, accommodating 800 passengers during the day, 582 at night. Biggest of all is the PS Kiwi, capable of carrying 950 by day, 632 by night. All three paddle-steamers were built at Garden Reach, Calcutta, between 45 and 60 years ago. The Kiwi grosses 630 tons, a veritable giant compared with anything else around.

No sooner does The Rocket come alongside than hundreds of somnolent figures spring to life and leap aboard. Most look like refugees from the Slimmer-of-the-Year contest, but all carry bedrolls and a miniature household so as to create a portable home on half a square metre of deck — space enough for a family to live, cook, play and pray. (These Bangladeshis are fervent Muslims who will turn and bow the required five times a day towards Mecca to ask the Almighty's blessing on their threadbare lives).

Each vessel has first-class, second-class, inter-class and third-class accommodation, and walking the lower decks is like trespassing on a crowded alien planet.

Once the vessel has cast off there is an agonising 10 minutes of splishing and splashing as the huge paddle wheels begin to churn and The Rocket seeks out the channel in the cluttered river. It is a daily miracle that smaller boats don't get gobbled up.

Away from Dhaka, life takes on a gentler pace. The constant vista is rivers, rivulets and streams, twisting and turning like snakes in an orgy, flat green fields and clumps of trees shading simple villages. Navigation skills of a high order are needed to find a way through the watery maze, especially during the monsoon season when a third of Bangladesh's land also falls under water.

The journey is always attended by country boats. All hoist sails that are often more darn than fabric to catch the slightest puff of breeze. Sometimes tiny L.S. Lowry matchstick figures wade in the shallows up to 50 metres in front of a cargo monster, pulling the becalmed boat along.

The Rocket used to leave Sardar Ghat in the morning, but now has been retimed to depart at 17.45. That gives passengers time to peer at the twilight, have dinner and retire for the night. First-class passengers can eat in style in a stately dining room with an imposing old wood table and then sleep in an air-conditioned cabin.

On the Ghazi, it's a worthwhile experience, but on the Tern the eight first-class berths are too cramped and small. The food is acceptable, even tasty, in the time-honoured manner of Indian Railways. But you should bring your own beer — and water, if necessary.

There is an old story of Bangladeshi passengers travelling first class, insisting on boiled water, but being violently sick the next day. On summoning the steward they were reassured: "Oh yes, sirs, we followed your instructions but water from boiler was too hot, so we cooled it with river water." Officials of the government-run Bangladesh Inland Water Transport Corporation insist that the story is apocryphal.

The first-class cabins on The Rocket are normally clean and comfortable, in sharp contrast to those on some smaller private launches. The Rocket is also a disciplined vessel: loading limits are generally well observed, a great comfort in a country where there are hundreds of deaths a year from capsizing of overloaded private ferries. A Bangladesh cabinet minister and I once spent half the night fighting flying cockroaches in a supposedly first-class cabin of a private vessel, armed with an aerosol spray that boasted that it killed any known insect. The cockroaches won.

During the night, the Bangladesh rivers have their charms. The air is still but not silent. Chirruping crickets, grumpy bullfrogs sounding out girlfriends, the groaning of other vessels, darting fireflies, water-level lights marking the nets of fishing boats and serving both as a magnet for the catch and a warning to other vessels not to get caught, all indicate a busy nightlife.

In the early hours the silence is rudely shattered when The Rocket arrives at Chandpur with much clanging and banging. Passengers disembark, hawkers try to ply their wares and beggars plead for alms for the love of Allah. Chandpur is a river port, but even in the clearer light of day it seems set upon a huge ocean. It is the meeting point of the Brahmaputra, Ganga and Meghna rivers.

On The Rocket steams, towards dawn and Barisal. On a cloudy monsoon day the dawn creeps up and steals out of a grey sky, but in the clear winter light a Bangladesh sunrise is magnificent. Slivers of grey sky are pierced by a pinprick sun that swells into a huge blood clot. Seen against the fields it looks like the Bangladesh flag, a red ball on a green background. As the sun rises higher and bigger it becomes a giant ball, first red, then a blazing yellow — so bright that you cannot look at it without hurting your eyes. The water mirrors and magnifies everything.

From Barisal, the Rocket steams eastwards to Khulna, Bangladesh's second port, through the Sundarbans. This is mangrove jungle where lives of men and animals are governed by the changing currents and tides. About half of the 60,000 sq kms of deltaic land is submerged at high tide. It is home of the royal Bengal tigers who claim several human victims each year, and of sharks and crocodiles. But from the safety of The Rocket it is a fascinating, pristine jungle where you would never imagine you were in virtually the poorest country in the world.

Sadly, this isn't a journey that can be enjoyed by everyone. The Ghazi can take only 12-first class passengers a time. The Kiwi now only plies between Dhaka and Barisal. Mr B. Majumdar, director of commerce of the Inland Water Transport Corporation, says that the fares — Taka 448 (about £9) for first class, "less than a fifth of the price of a hotel room for a full day's sailing," and only Taka 77 in third class — do not allow the vessels to make a profit.

Asked why his corporation does not make a bigger effort to attract tourists who might pay more, he answered like this: "Tourism is the responsibility of the Tourist Corporation. But if you come often enough, we'll keep a separate vessel for you."

The Booriganga river: an eyesore and a way of life

A Bangladeshi stall-holder weighs out goods

TRAVEL

Méribel's heady cocktail mix

The exotically-named Ski Cocktail is a school aimed specifically at the non-French holidaymaker. Martin Dickson finds out more

TALL, HANDSOME, and ostentatiously sporting a stetson hat and cowboy boots, Jean-Yves Lapeyrére looks like a minor film star or putative playboy as he grins and glad-hands his way through the French Alpine skiing village of Méribel, greeting a holiday-maker here, a tour rep there.

He does not exactly look like a man of radical ideas – still less the kind who would win the approval of Mrs Thatcher.

Yet Jean-Yves – as everyone familiarly calls him – is the founder and driving force behind a new type of ski school which has set up shop in Méribel, injecting a previously unknown degree of competition into the conservative, monopolistic world of French ski instruction.

But in the process he has made a lot of enemies. "The mountain mentality," he says bitterly, "is quite narrow most of the time."

His school – with the exotic name Ski Cocktail – is aimed specifically at the non-French *holiday-maker, and in Méribel* that basically means the British.

The village, which lies at the heart of the huge Three Valleys skiing area, was founded as a resort in the 1930s by an Englishman, Colonel Peter *Lindsay*. And it is still one of the most British of French resorts: imperious Kensington brays and flat Northern vowels mix and mingle nightly in The Pub, a great barn of a drinking house.

Ski Cocktail claims to be the only ski school in the country organised as a private company, rather than the co-operative model adopted by the official French ski school or the handful of small ventures set up by individual owners. And *it* is run on the lines of a serious business, complete with market research, staff training programmes and a close attention to the laws of supply and demand.

The business is still very small. This season it is employing an average of 14 instructors – miniscule when set alongside Méribel's official ski school. But it has already stirred up some strong Alpine passions.

For Méribel, and other villages like it, are close communities, highly dependent for their income on winter sports. Jean-Yves is seen as an interloper from outside the area, creaming off business from the locals.

The conflict assumed its most acute form in a courtroom battle last year: the local powers refused to give Ski Cocktail instructors the free passes and priority access to lifts enjoyed by the official French school. Yet forcing students to join long lift queues would be instant death for any ski school.

Jean-Yves went to court, tried to stir up the French national competition authorities, and finally won the concessions demanded, although he says a final pact has yet to be signed.

Aged 26, and brought up near the Jura mountains in north east France, he began skiing at 18 months – "it's as natural to me as walking" and is a man of restless energy and supreme self-confidence. He was meant to go to business school, but instead took up ski instruction, coming first to Méribel when he was in the air force, teaching Canadian airmen how to ski.

He returned to the village to join the local official French ski school. But he says he grew frustrated at the way it was run and quit to set up his rival operation, working initially out of one tiny room and touting for business round the bars of Méribel until the early hours of the morning.

The aim, he says, was to provide something very different from the official French school, which in 40 years had never faced any significant competition.

As many a British holiday-maker can testify, the standard of instruction at official ski schools across the French Alps can be very variable. However good the teachers, relatively few of them can speak good English. The morale of the novice is not bolstered by frustrating shouting matches in Franglais across icy slopes as a night or a snow-storm gather.

Moreover, classes can be very large, and that can mean that the weakest members, left at the back, get precious little attention, merely mimicking the mistakes of those immediately ahead of them in the skiing crocodile.

Ski Cocktail limits the size of its classes to eight people. It also says that all its instructors can speak reasonable English and must take a language test before they join the company. (My instructor spoke adequate but far from fluent English).

But its claims to be different go well beyond this. For one thing, it takes the attitude that British people go on skiing holidays for fun, rather than as an endurance test.

At the most superficial level, this is reflected in the instructors' ski suits – in fashionable pastels of pink, mauve and yellow – and the company's brochure, which calculatedly features self-indulgent images of relaxation – a cocktail glass, tropical fruit, palm fronds and snow-capped mountains.

That contrasts sharply with the cover of the official school's brochure, which features a grimly intense contestant in a slalom race. "Just look at it," says Jean-Yves contemptuously, "English people don't come here to race, they come to relax."

He also markets his business furiously. He says he has links with 33 out of more than 50 tour operators in the village. And whereas the skier must go in person to the official school to book lessons with it, Ski Cocktail comes to the holiday-maker's chalet to take orders – using walkie talkies, linked to its office, to prevent double bookings. Group lessons cost about 10 per cent more than the official school, but Jean-Yves argues that, having payed so much to get to the slopes, people are not going to cut corners with their instruction.

He has also branched out from basic instruction, notably into photography. Novices get video-ed, so they can see their mistakes more easily, and any client can hire a cameraman to take a 20-minute film of their exploits on skis, calculated to bore the neighbours back home.

"When we began, in December 1986, everyone thought we would last three weeks," he recalls. But Ski Cocktail has now grown to a business with a £200,000 a season turnover (this year's lousy snow conditions permitting). And Jean-Yves pins much of its success on the fact it is organised as a company.

Where to now ? He wants to remain a *niche* player, concentrating on foreign visitors, rather than aiming for the wider French market: "I'm not a supermarket, I don't want to do supermarket business." But he is investigating the possibility of children's classes and a move into neighbouring resorts, notably the much larger Courcheval. And that would mean a lot more ruffled local feathers.

A contrast in styles: a self-indulgent image of relaxation and a grimly intense slalom contestant

Sport for the rich — in the Soviet Union

Quentin Peel finds a smart hotel, wide open ski slopes and no queues for the lifts in the Caucasus

DOWNHILL SKIING has never loomed large in the Soviet Union's list of sporting priorities. The entire exercise had an altogether too capitalist, individualist ring. It was the game of the idle rich, not the proletarian poor, so it was believed.

Anyway, the ski lifts seldom worked. So it is all the more startling to find, in the dramatic setting of the Caucasus mountains on the border between Europe and Asia, a tiny oasis of the rich man's sport. Not only that, but it boasts the ultimate diversion for the wealthy fanatic: heli-skiing from the mountain peaks.

And it also has ski-lifts that work.

The place is called Gudauri, a bumpy two-hour bus ride north of Tbilisi, ancient capital of an independent Georgia. There the beginnings of a splendid ski resort have been established thanks to the unlikely combination of Austrian capital and construction, the irrepressible entrepreneurial spirit of the Georgians, and the mediation of a Hungarian hotel team to liaise between Communism and capitalism.

But the exercise is far more than the creation of just another smart hotel. It is a highly sensitive political venture to cater for pleasure-seeking Western tourists in the middle of Soviet discomfort. Just up the road, are the same miserable old conditions for Soviet citizens – a decaying hotel, often without heating and usually boasting the most unappetising meals, according to its occupants.

It is also a huge marketing challenge: to find enough adventurous capitalists willing to brave the potential rigours of Soviet travel to justify the expense of luxury living, not too many miles from the site of the Armenian earthquake.

The whole story goes back to a bunch of adventurous young Georgians in the early 1970s, who were fed up with queuing for the erratic ski lifts at the only alternative resort of Bakuriami. One of them was Simon Skhirtladze, today the manager of the Sport Hotel, Gudauri.

He said: "There was a gang of us who could never get a ski lift at Bakuriami, because there were such huge queues. You would go up just once, and then find yourself at the back of the queue. We said to hell with this. Let's make our own portable ski lifts."

They did so with the help of a couple of converted motor scooter engines, purchased from Tbilisi street traders, and went to Gudauri – the closest place to the capital with enough snow.

But it is a long way from a simple *schlepplift* to a full scale ski resort. One driving force was the Georgians' desire to set up their own venture, away from the controlling hands of Moscow. "There is a lot of resentment that you can't get a place in Sochi (on the Georgian Black Sea coast) without getting in touch with Moscow," Skhirtladze said. "We wanted our own resort."

The irony is that in the end, Georgia has got a de luxe hotel restricted to foreigners – the only people who have the foreign currency required to pay for it – and only the capacious Austrian ski-lifts to benefit the visitors from Tbilisi.

The hotel opened officially last April, and there is no doubt (even allowing for the easily impressed eyes of a Moscow resident) that it is very much up to Western standards: a glistening swimming pool with plate glass windows looking out at the Caucasian peaks, sauna, jacuzzi, indoor tennis courts, bowling alley, and even a billiards room.

Every bit of the building is Austrian, down to the electric plugs and bathroom tiles, and the furniture is Hungarian. Ownership is Georgian, as are the top managers – but they frequently defer to their Austrian joint venture partners in a management consultancy.

"We don't want to change the mentality of the Georgian people, but the hotel must run 24 hours a day, seven days a week," says Heinz Chytil, the senior consultant. He organises weekly seminars for all the staff to hammer home Western hotel standards.

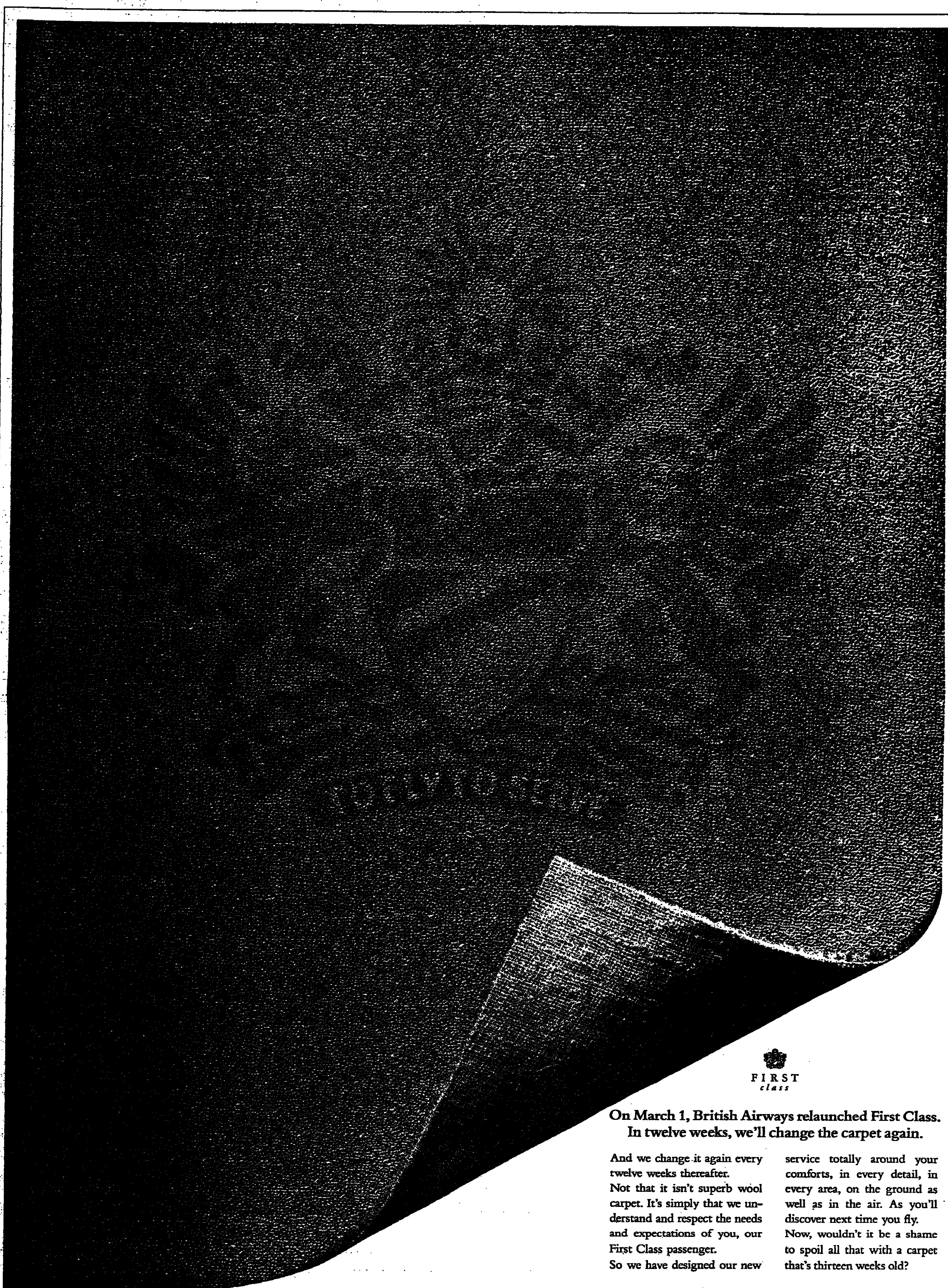
"The most important thing is change the mentality that we are serving people, not dead machines."

But the other huge problem is the world outside. Everything from the ski-lifts to the telephone service, transport links, and the pot-holed road to Tbilisi are Soviet-run.

"We had to persuade them not to close the ski lifts on Mondays, and not to shut down for two hours every lunch time," according to Walther Czerny, whose Austrian Tourism Consultants is the joint venture partner. Not only that, but the world outside also contains the political pressures of a Soviet public increasingly demanding decent conditions under perestroika – and in Gudauri seeing them reserved for the visiting capitalists.

He is disappointed that the ambitious venture has not already brought hordes of Western visitors – which means the venture must be struggling to repay its finance. "I thought myself that once Gudauri was announced, people from all over the world would descend on us like honey bees to honey," he said. The skiing facilities were rated among the best in the world, and there was heli-skiing to boot.

For the time being, however, it means that the few who brave the journey will have the place to themselves, wide open ski slopes 50 yards from the hotel doors, and queues for the lifts which never last more than a couple of minutes.



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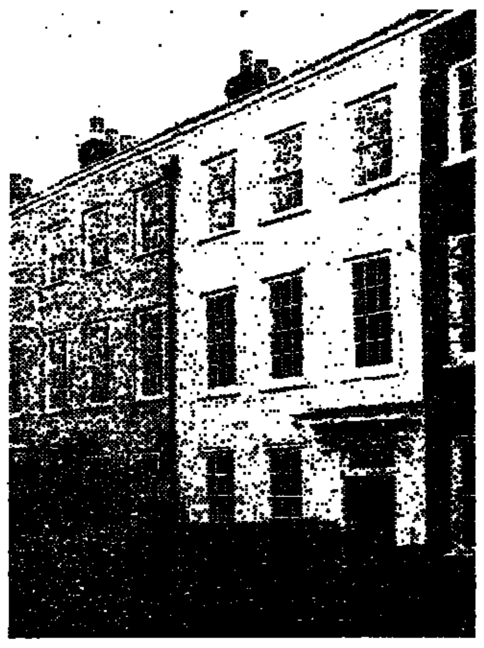

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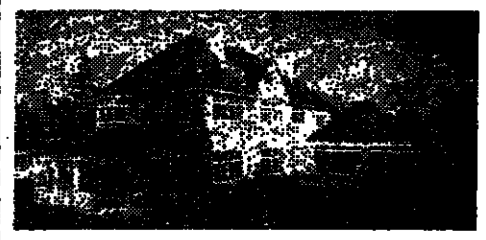
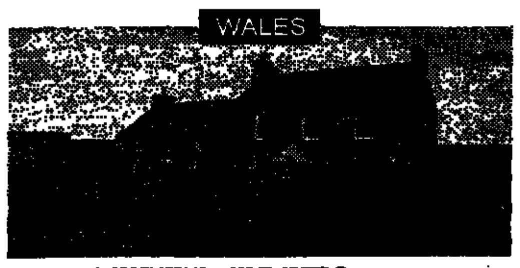


GLOUCESTERSHIRE – CHELTENHAM
Quite outstanding detached family home dating from the 1920's, totally modernised. Reception hall, 5 receptions, kitchen/breakfast room, utility, 6 bedrooms, bathroom, separate shower room, WC. Luxury indoor swimming pool complex. Full oil CH. Double garage and carport. Easily maintained ⅓rd acre garden.
Offers invited based on £450,000.
Hamptons, Cheltenham Office: (0242) 222909

WALES



PEMBROKESHIRE – ST. DAVIDS
An outstanding and attractive commercial proposition in the form of a developing farm park, set in open countryside close to an important tourist centre/route. Fully modernised 4 bedroomed stone farmhouse, adjoining 4 bedroomed cottage, range of buildings including stables, Old Mill Houses, offices, garage, purpose built café, gallery/shop and kiosk. Grounds in all of 124 acres.
Offers based on £375,000.
Hamptons, Cheltenham Office: (0242) 514849

FOR SALE BY AUCTION

BUCKINGHAMSHIRE – STOKE POGES
A pleasant family home, peacefully situated in this convenient residential village. The property is vacant and requires some updating. Entrance hall, cloakroom, 2 receptions, kitchen, utility, 4 bedrooms, bathroom. Detached garage. Swimming pool. Gardens.
For Sale by Public Auction at the Crest Hotel, Maidenhead 27th April 1989.
Hamptons, Beaconsfield Office: (0494) 677744

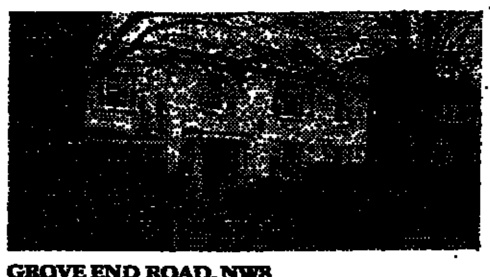
LONDON

BEVERLY HOUSE, PARK ROAD, NW8
The interior designer has skilfully created a look to complement the architectural features of one of the most unique duplex apartments to be seen in London to date. Spacious reception room/entrance hall, magnificent double reception room, kitchen/breakfast room, cloakroom, 5 double bedroom suites (master bedroom having Jacuzzi), family room or alternative master bedroom suite (bathroom with Jacuzzi and dressing room). Lifts. Residential house manager. Porter and 24hr security guard. Video entrance phone. 2 underground parking spaces. Store room. Ind. Gas fired CH&HW.
Price on Application. Lease 999 years.
Hamptons, Town Department: 01-493 8222

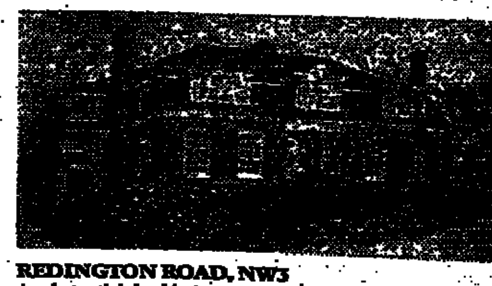
WILDWOOD ROAD, HAMPSTEAD HEATH, NW11
A magnificent detached residence superbly located opposite the Heath set in approximately 1 acre of delightful landscaped grounds. 5 receptions, kitchen/breakfast room, cloakroom, 7 bedrooms, 4 bathrooms. Double garage. Superb front and rear gardens.
Price on Application. Freehold.
Sole Agents.
Hamptons, Hampstead Office: 01-794 8222

HOLLAND PARK ROAD, W14
An immaculate maisonette full of light and with immense charm having a conservatory kitchen plus an additional paved patio. Located in a smart period building refurbished only last year to an exceptionally high standard, 2 receptions, kitchen/breakfast room, 3 bedrooms, 2 bathrooms, shower room, cloakroom.
£375,000. 71 year lease.
Hamptons, Kensington Office: 01-937 9371

THE TERRACES, NW8
A superb three bedroom apartment in a luxuriously modern block in central St. John's Wood. Excellent decorative order and well planned accommodation. Double reception, kitchen/breakfast room, 3 bedrooms, guest cloakroom. Terrace. Lift. Porterage facilities. Underground parking.
£650,000. Leasehold.
Hamptons, St. John's Wood Office: 01-586 5999



GROVE END ROAD, NW8
A magnificent low built detached freehold residence occupying a prime position in the heart of St. John's Wood. Arranged over 2 floors with superb entertaining and family rooms. 3 receptions, kitchen, 5 bedrooms. 80' walled garden. Parking for 3/4 cars. Sole Agents.
Price on Application. Freehold.
Hamptons, St. John's Wood Office: 01-586 5999



REDINGTON ROAD, NW3
A substantial double fronted detached house in a secluded position surrounded by beautiful mature gardens in the heart of Hampstead. 4 receptions, hall, kitchen, 2 cloakrooms, 8 bedrooms, 4 bathrooms, shower room, 2 self contained suites. Delightful garden. Joint Sole Agents.
£1.7 million Freehold.
Hamptons, Hampstead Office: 01-794 8222

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COUNTRY PROPERTY

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RENTALS

RELOCATION

PROPERTY

Saved from the horrors of house-hunting

As John Brennan discovers, paying a relocation agent to do all the hard work can take the headaches out of buying from a distance

LEE UPHILL'S experience of moving house will spark echoes of recognition from many people trying to buy at a distance. "In my case," she says, "the family was shipping in from overseas, and estate agents' material on its own is not a great deal of help to people moving into a totally unknown area."

Even though she comes from an army family with "20 years' practice of moving," the experience of buying a home in Somerset from abroad turned into a protracted headache. These days, Lee Uphill spends her time trying to save other movers from hitting the same problems.

A couple of years ago, she set up the Countryside Properties Relocation Service (0823-45541) which she runs from her home in Kingston St Mary, near Taunton. That is on the western frontier drawn along the M4/M5 motorways and for people making a move from town or suburbia into real country.

Most of Uphill's clients are, then, in the same position as she was when she moved. They can either invest their weekends for month after month travelling down to the West Country to follow-up all the leads generated by local estate agents, or gather a pile of agents' particulars and try to cover the area in a few concentrated house-hunting raids.

Apart from instructing a relocation agent to house-hunt for them, their only other option is to appoint an estate agent as buying adviser and trust it will turn up suitable properties – not just those on its own books.

There is still considerable suspicion of sales agents who do take on the role of seeking out properties, advising buyers on price and negotiating the deal for them. In fact, a good local agent is likely to be the best possible ally for a buyer from outside an area, and an extremely cost-effective adviser when it comes to handling a purchase. But this is a case where the facts run counter to the general assumption that sales agencies really know only about that one side of the deal.

In any event, whether it is prospective buyers' reluctance to trust a sales agent with a buying instruction, or the agents' own reserve about broadcasting what is normally a less profitable service than sales, the relocation businesses are driving, with increasing success, into this gap in the market.

And, as Lee Uphill's experience illustrates, finding the right property involved a deal which more than saved clients the time taken touring the estate agents' offices.

"You have to listen to people and find out how much of what they say they want they really do want. Even when you have someone with quite specific requirements about the size and type of house, it can be that they end up buying something completely different.

"I had one buyer who was adamant that he wanted a classical, square-fronted Georgian type of country house, but I suggested that he also take a look at a particular Somerset longhouse which had everything else he wanted. He changed his mind straight away and bought that."

Uphill finds a lot of people who are in love with the idea of moving to the country but who would find the transition from town life too much of a shock. "You do get people who want to be out on Exmoor or Dartmoor, who don't want any neighbours for miles, and who are perfectly happy growing cabbages and sending the children to local schools. But an awful lot of people want to be in the country but don't really want to be stuck out in the middle of farmland. In many cases, a villa or a house on the edge of town might be more appropriate."

Dreams of a rural retreat can cause particular problems for long-distance commuters. "When people do move, we can arrange coffee mornings to meet the neighbours, help get a local cleaning lady and the things that help to get you settled into a new area. But it can be tough for a wife who is left at home in the week if she doesn't get involved in the local community, and there are some people who you just couldn't see joining the WI (Women's Institute) and taking an interest."

As with most relocation businesses, it has taken time for Uphill to convince estate agents in her part of the country that she is filtering business in their direction rather than stealing their trade. There are still a few agents who don't exactly race to keep her up to date with the properties on their books, but the rest see the logic of giving early warning of properties that might appeal to a relocation client.

And since so many of the people who moved into the country during the sellers' market of the past few years have never stopped looking for an opportunity to trade-up to a "real" country house, incomers still face competition for every good period property that comes on offer.

Part of the job, as Uphill sees it, is to give clients the warts-and-all information they need to decide on a property. Sales agents spend their time photographing buildings in a way that does not draw attention to the electricity pylons marching across the back garden, the farm silos leaning against the side wall, or the skid marks from a manic race of gravel trucks that thunder by inches from the front porch. Relocation agents get paid to save home-hunters from the hidden horrors.

"I normally send a full set of my own photographs with any report. You should expect an estate agent to show the property in its best light, I've got to show it as it is," says Uphill.

She is a member of the recently-formed Relocation Services Institute, a break-away from the slightly older Association of Relocation Agents. Why two national bodies for such a comparatively new activity?

Well, here lies an unrelocated tale. *Everyone* is far too polite to suggest that the RSI's overt drive towards standards of competence and professionalism - with plans for membership exams and an existing requirement to be able to show evidence of practical experience in the relocation business - in any way reflects on the ARA's own *talk of* policing member standards. At least, with the arrival of the RSI, prospective house-hunters have an additional national network of relocation specialists to which they can turn.

■ Regional contact numbers are: 0306-880-220 for the south-east; 0568-5217 for the Midlands and Wales; 0423-872-544, for the north and Scotland; and 0225-314-426 for the south and west of England.

Going East to sell West

A RESIDENTIAL sales office in Hong Kong for £2,500 a year sounds like a bargain to John Parker. He's hoping that several dozen other agents will agree and join in his latest sales marketing scheme, the East West Partnership.

Parker's exuberant sales drives among the expatriates and the Chinese business communities in Hong Kong has made his agency, Brian Lack & Co., one of the first to which residential developers turn when they want to attract Far Eastern buyers. Over the past three years, the agency claims sales of nearly 400 properties with a capital value of £50m through its office in the Central business district near the Hong Kong Hilton.

Now, in addition to selling properties, Parker is selling access to the sales outlet. If the idea catches on, he is also planning sales offices in Japan, Taiwan and the Philippines – *plus a sales office network* across the Channel, initially in Paris but eventually across the European Community.

"The first time that I went to the Far East to sell, I made so many mistakes that I'd have been better off not getting on the plane," says Parker. "But you get to learn the ropes." The East West project would save other agents from struggling up that learning curve by enabling them to have properties on their books displayed in the Hong Kong sales office, advertised in the *South China Morning Post*, and included in public relations and marketing campaigns in various outlets in the Far East.

In practice, member agents will pass property details to the partnership's listings computer, and anyone who takes an interest in one of the properties will be put in contact with the member agent. There are no fees beyond the annual membership charge, pitched at *£2,500 a year for agents outside* London with £650 for each additional office. London agents are being invited to pay £3,000 a year, with extra offices at £850 a time. Once an agent joins, no other agency with an office within a mile radius will be allowed into the network.

Given that Far Eastern buying interest has tended to concentrate upon central London investment properties, why would a provincial agency be interested in having even an arms-length office overseas? Parker points out that the Chinese "buy property wherever there is a Chinese community, and every town that has a Chinese restaurant has a Chinese community."

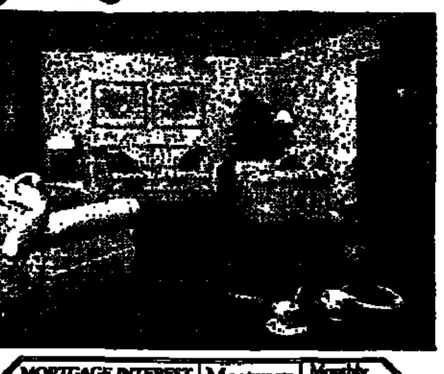
On a more pragmatic note: "If every member of the East West Partnership picked up a sales instruction or two because they have a Far East office, they'd have paid for their year's membership."

J. B.

DESPITE BEING in need of complete modernisation, a price of £2m is being asked for this house on a 79-year lease at 1 Upper Phillimore Gardens, London W8 — near Kensington High Street. Details: Chesterfield & Co., 166 Walton Street, London SW3 (tel. 01-581-5234).

COUNTRY PROPERTY

COUNTRY PROPERTY



LONDON PROPERTY

Ireland lures the jet set

John Brennan explains the attractions of the Emerald Isle

IMAGINE AN area of unspoilt countryside no more than two to three hours' travelling time from London that is positively littered with Georgian, Victorian and Edwardian country houses. Imagine that the prices of those houses have been unaffected by the property price increases of the past five years and that, just to make this even more intriguing, they are reduced further by 20 per cent across the board.

You'd be imagining the Irish residential property market where, as Dublin agent Hamilton Osborne King (tel: Dublin 760251) reports, prices within the capital are 40 to 50 per cent below their UK equivalent and where country house prices are at levels that were last seen in Britain in the mid-1970s.

The Irish pound is now at a 20 per cent discount to sterling; inflation is down from 20-plus per cent at the start of the decade to between 2 and 3 per cent; loan interest rates are 4 to 5 per cent below their UK equivalent; and the youth unemployment crisis, if not resolved, has at least eased substantially. Not surprisingly, Ian French, the managing director of Hamilton Osborne King, reports that it is not only expatriate Irish buyers who are bringing their money home.

Last year, UK commercial developers started to dust down their maps of Irish city centres. International publicity from the Custom House Docks Development in the heart of Dublin – and, in particular, for its hefty package of tax incentives for financial services employers – has helped to draw in a number of developers. These include Trafalgar House, which bid £6.6m for the 5½-acre former Irish Hospitals' Sweepstake Stakes headquarters at Ballsbridge, to the Heron Corporation with its 303,000 sq ft central area shopping centre development at Merchants Quay, Cork.

The revival of activity in the commercial market has had its parallel in housing. "There are many people who have made money in England and elsewhere who want to have some property back in Ireland," says French.

There has long been an active horse-related market, with stud farms achieving international values that bear little relation to the cost of homes elsewhere in the country. Now, another tier of international buyers is being drawn into the market – buyers who, as Bill Montague of Sotheby's International Realty (tel: 01-408-5163) explains, "are looking for something more sophisticated than a beach on the Costas." He adds: "You have to remember that, for an American on the east coast, Ireland is just as near as the west coast."

UK and Continental European buyers are joining a queue that has, in the past, leaned heavily on buying interest from people with some direct family link back to Ireland. As a nation which, for a century and a half, can claim people as its prime export, there are plenty of these long-distance expatriates across the world.

But, last year, the largest single ethnic group of visitors to the country was Italian, and Sotheby's reports major sales to Spaniards, Swiss, Latin Americans, an Australian businessman, Germans and the Dutch.

Fall in number of repossessions

BUILDING societies repossessed 16,150 houses last year. While it is of little comfort to those whose loan defaults did mean the loss of their home, the fact remains that the number represents less than 0.1 per cent of the 7,475,000 society mortgages in force at the year-end.

The repossession figure for 1988 is also well down on the totals for the previous three years. Figures for mortgages in arrears by six months or more are also down; there were 37,440 up to six months behind in payments and almost 9,000 more than a year adrift.

As Building Societies Association director-general Mark Boleat says: "This downward trend in arrears and repossessions could have been expected, given the reduction in the number of people unemployed and the rate of house price increases in 1988." Unemployment probably accounts for between a third and half of arrears cases, he adds, but rising house prices give those struggling to keep up loan repayments the chance to sell and trade down.

What, though, of 1989? The societies have been reporting an increase in short-term arrears, and the BSA makes the point that the August deadline to buy before the end of multiple tax relief on joint mortgages might well have panicked people into taking on too heavy a loan commitment.

That said, the BSA notes that "statistical analysis shows no relationship between interest rates and either (re)possessions or arrears. In general, an increase in interest rates, even a substantial one, does not change a good borrower into a potential possession case."

J.B

Homes for executives

Deer Hayes, a village addition of 23 houses being built by Beazer Homes (West) – tel. 0278-722456 – at Hatch Beauchamp, six miles south-east of Taunton in Somerset.

Prices range from £179,000 for the four- to five-bedroom detached houses. This reflects both the extent of house price inflation in Somerset in recent years plus the demand at present for well-fitted executive homes in the area.

But it's salutory to think that, just a few years back, you could have had a choice of local manor houses for less than the prices being asked at Deer Hayes.

A jackdaw's view of St Peter's Church, Islington, which has planning permission for conversion into 18/22 flats

A city sanctuary

THE REPORT of the Archbishop of Canterbury's Commission on Urban Priority Areas, "Faith in the Cities," was at pains to reconcile the sensitivities of local parishioners to the future use of surplus churches with the economic reality of maintaining a portfolio of high-cost, often-decaying Victorian buildings.

With 12,000 listed buildings in its care, the Church of England has had to evolve a range of preferences, from sharing buildings with other faiths, sale or lease to other religious groups, and conversion to community use. The report notes the Church Commissioners' records showing that, in the 15 years to 1984, uses "benefiting the local community" had been found for 70 per cent of redundant churches.

St Peter's Church in Islington, north London, is the latest vast Victorian ecclesiastical landmark to slip beyond efforts to find any alternative religious use. De-consecrated in 1982, it now has full planning permission for conversion into 18 or 22 flats of between 680 and 1,350 sq ft. Islington agent Holden Matthews (01 278–2666) is handling the sale of the 98-year lease at a guide price of £1.5m.

Housing use (although hardly community housing, given that raw development cost) might satisfy loosely those who like to see former churches put to good use. But the sales agent's promotional material won't win it many points as far as sensitivity of local ex-parishioners is concerned. The agent has St Peter's billed as "Godforsaken," which is just the kind of imaginatively crass foot-in-mouthmanship that wins agencies "also-ran" status on those "most popular profession" polls.

J.B

GARDENING

Take care of spring bulbs

THE BULBS on sale now are far more varied in their cultural requirements than those that are marketed in the autumn. A much greater proportion are partially tender, and so in need of some degree of protection, at least until mid-May. Many are not bulbs at all, botanically, but are corms, tubers or rhizomes which, like bulbs, store sufficient food to be kept dry for quite long periods and so can be marketed like bulbs.

In spring, many lily bulbs are on sale also, not because this is the best season at which to plant them but because it is the most convenient time for the big commercial growers to get them on the market. Small growers trading directly with their customers are able to sell lily bulbs in the autumn or even by August if they are kinds such as Lilium candidum and L. testaceum, which can be moved most safely then. But lilies are such a complex subject that they need a column to themselves.

Two of the big displays at the moment in all the garden shops and centres are dahlias and tuberous rooted begonias packed in plastic bags with coloured illustrations – some of which can look remarkably similar since both have varieties with large, very double flowers. But the dahlias have a more extended colour range and much greater variation in flower shape. Some have flat petals making big rosettes like the begonias. Others have quilled petals and yet others boast globular flowers of honeycomb formation as well as single-flowered types and the charming collarettes which are single but have a circle of short petals (usually of a different colour) around the central yellow disc.

Although there are also big differences in the modern races of tuberous rooted begonias, they are not noticeable so immediately in the illustrations on the bags since they concern size of bloom and the number produced rather than shape. At one extreme are the very large flowered begonias to be grown in pots in greenhouses with half a dozen or so flowers per plant, each so heavy with petals that it needs its own individual support. In complete contrast are the excellent non-stop begonias, also with fully double flowers, in all the cheerful begonia colours but no more than 3 in. across and produced in succession for most of the summer.

These are the ideal begonias for planting outdoors, or to be grown in window boxes or other plant containers. There are also pendulous begonias with long, flexible stems that can hang out of suspended baskets.

Whatever the purpose for which they are required, begonia tubers need to be started into growth in a light, frost-proof place. The most convenient way is to fill a seed tray with moist peat or peat potting compost and bed the tubers into this, dome side downwards and almost shoulder to shoulder. If kept moist in a temperature of 16-18 degrees C (60/65 F), they will soon begin to form leaves and roots. Then, they can be potted singly and be either grown-on under glass until the autumn or acclimatised gradually for planting outdoors in early June.

Just how soon the tubers should be started growing depends a good deal on what space is available for growing them on. If in doubt about that I would wait until late April, give the tubers a little more room in the seed boxes and plant them outdoors directly from these boxes without any intermediate move into pots.

A similar calculation must be made when starting dahlia tubers. The old ones that have been stored in a cupboard or other frost-proof place may be so big that they must be started in deep boxes, half-buried in a greenhouse border or, if no suitable shelter is available, planted directly outdoors where they are to flower. Early May is soon enough for this except in the mildest places and, if the tubers do grow straight out into the garden, they should be covered with 3 in. of soil and then a further inch or so of peat for additional protection. Shoots should be pushing through the soil by early June, by which time they should be safe.

The much smaller tubers which are now on sale in those enticingly illustrated plastic bags are a totally different matter. They have not the reserves of strength that are in the old tubers and are much more likely to be destroyed by slugs. To avoid such disasters, it is essential to start these small tubers in pots in a light, frost-proof place. A greenhouse is ideal but a sunny window ledge will do.

Gladioli present no problems in planting since they can grow straight outdoors at any time from March to May into the place in which they are to flower. A covering of 2-3 in. of soil will provide all the protection they require. What might be more puzzling is to decide where to grow them, since their conspicuous flower spikes do not last long.

Gladioli make ideal cut flowers, for they can be cut young, just as the lower flower buds are starting to open, and allowed to complete their development in water, the fading flowers being removed carefully until such time as the spike ceases to be decorative. In the garden the same dead-heading can be carried out, but it takes time.

I plant the corms among herbaceous plants. This allows leaves and flower spikes to spear up through these, so finding much useful support and a natural screen which reduces (if it does not conceal entirely) their old-age shabbiness. This is, however, not a method to satisfy gladiolus fans who will give their favourites a bed to themselves, a cane to support each flower stem, and just as much loving care as it takes to produce a perfect, prize-winning, superbly beautiful flower spike.

Arthur Hellyer

Summer's essential guide

Robin Lane Fox on the old-fashioned, the unusual and the odd

Sundays again: summer is coming eventually and there will be putting in Somerset, safari rides in Suffolk and a small exhibition of Mrs Jowett's botanical paintings at West Silchester Hall.

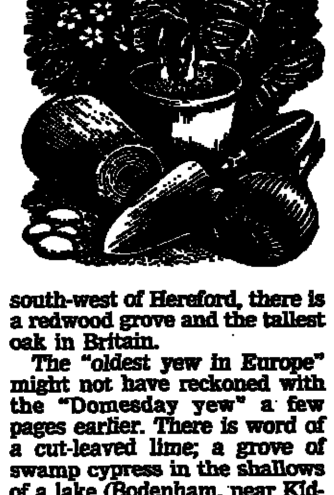
Summer also means gardens. Last week, my colleague Arthur Hellyer discussed some aspects of the National Gardens Scheme as contained in the latest edition of *Gardens of England and Wales*, the official yellow-jacketed guidebook to them all. Every year, it is the necessary companion to an English season, and I bless it.

It tells me, for instance, that down the B5062, between High Ercall and Crudgington in Shropshire, "here may be found the old-fashioned, the unusual and even the oddities of plant life, in mixed borders of controlled confusion . . . " In Wallington, Surrey, an "exposed plantsman's garden" is showing "sink and washing-line gardens, interesting collections of old containers, garden and farm bygones." It sounds as if the old-fashioned roses are being trained with the clothes pegs.

At Bussage, near Stroud, a "small garden on a housing estate is devoted largely to plant breeding experiments, including a white foxglove mutation and a new pansy cross." At Pound Hill Farm, West Kington, Wiltshire, Mr and Mrs P. Stockitt are living up to their name and offering a "very extensive plant sale from adjacent nursery with 2,000 varieties."

Others are more relaxed. In Bishopscroft, near Sheffield, the Bishop of Sheffield's aim is to "present something of the feeling of countryside in the nearby Rivelin Valley: a good variety of elders and brambles and hollies . . ."

Often, I return home impressed by other people's trees. Some fascinating claims are advanced in their self-descriptions. Down at Feock, south of Truro in Cornwall, you can see "probably the largest female ginkgo in Britain" (11 ft 9 in. girth). At Whitfield,



south-west of Hereford, there is a redwood grove and the tallest oak in Britain.

The "oldest yew in Europe" might not have reckoned with the "Domesday yew" a few pages earlier. There is word of a cut-leaved lime; a grove of swamp cypress in the shallows of a lake (Bodenham, near Kidderminster: bring gumboots); and at Birtsmorton Court, near Malvern, a "large tree under which Cardinal Wolsey reputedly slept in shadow of ragged stone" (75p: but motor museum is extra: however, the mini-nursery down in Exeter is included in the entrance price).

Are fashions changing? There were no national plant collections 15 years ago, but now you can spend a Sunday looking at kingcups or forms of Prunus subhirtella, gathered into one garden.

There is more about bees and butterflies (one owner promises dragon-flies); and in the less favoured counties, there are some heroic mentions of "gardens made from field since 1976" or "over 200 trees, planted since 1969." Down in Devon, near Sudbury, Mr and Mrs Softly will show a "three-quarter acre garden set round their cottage with accent on preservation of wildlife."

Dogs, on my calculation, are in for a tougher summer: perhaps Mr Softly classes them as wildlife and one couple do round off their entry with "Dogs Welcome Teas" (will they give them one?) At Bredon Springs, near Evesham, dogs will welcome the approach walk through the churchyard (six minutes) and two fields with a mown footpath before they are welcomed themselves in the large and imaginative "plant collection in a natural setting."

At Ryton, the National Centre for Organic Gardening near Coventry, you can get them in if you can pass them off as "guide dogs." At Hockley Woods in Essex, Mr and Mrs Fox are having none of them, perhaps understandably, when they are at home to visitors at "Volpaia" and its heavily-underplanted spring cover.

At Peover Hall, in Cheshire, there will be "dogs in park only" and the share of the gate money will go to "Over Peover Church Monuments Restoration Fund."

If you hate plants and are suspicious of gardens called "Quarts in a pint pot," you can always try the extras and the shopping. At the Tavistock Inn there will be Intensive Summer Bedding, daily until sunset, while at Ashmill House, near Oakham, Leicestershire, there will be a "home-made produce stall with a wide selection of baskets."

South of Welshpool, Mrs Hatchard will be raffling wine and cake; at Toddington Manor, Bedfordshire, there will be a "cricket match on private pitch," presumably in case the MCC succeeds in making everyone call off matches everywhere else.

I like the sound of a garden in Maescylym, near Brecon in south Wales, which is "very small, carefree, maintained by lady owner; never spectacular, usually interesting." At Rodmarton Manor, Mrs Biddulph's "emphasis is on labour-saving teas," while there is a fascinating hedging of horticultural bets at Leverstock Green in Hertfordshire.

At Westwick Cottage, there will be "flower arrangements in the house (weather permitting) by Mrs Shiela Macqueen;" while at King Charles Cottage next door you will find "part house also shown (weather permitting) with flower arrangements by Mrs Shiela Macqueen." Where do we find her when it is raining?

No other country has anything like this growing, independent galaxy of gardens and garden-crazy owners. Visits are never forgettable and sometimes magical.

This year, in their efforts for charity, they have the extra support of Capel Cure Myers, a stockbroker which has fastened on gardening as suited to its image.

"With roots reaching back to 1794, we always resist fashionable change . . . we were intrigued when a client remarked that these values were much the same as those of a good gardener." Perhaps I should assure you that it does not work the other way round: good gardening is no guarantee that the price of your units will go up, rather than down.

Country Note

Humble rooks that brought terror

A CITY GUEST came in one evening after a pleasant stroll round the village. "The moon is so bright," he enthused, "that you can see all the ravens flying about." For a moment, I had a delightful vision of these huge black birds gliding among the silvery rooftops; then, reality took over. What he had actually seen were the considerably more common and much smaller rooks, whose racketty presence is so much a part of life here in Dorset.

It just wouldn't be the same without the rooks' almost constant cawing and chucking, the insistent cries of their hungry nestlings in spring, and the sudden communal flights across the village from their colony in some cedars by the pub to an outpost in some lime trees, just beyond the old rectory.

Sometimes, a pair stop off at the pinnacled church tower, balancing against the sea breezes as they ride the weathervane, a gleaming, gold-painted cockerel. At other times, some join the gang of sparrows and finches perched in an apple tree just outside our house and next to the boundary hedge.

From the kitchen window, I can see clearly their feathery "trousers" (plus-fours rather than flares), the fine purple sheen on their black plumage, and the fetching whitish-grey bald patch at the base of the strong, sharply-pointed beaks. These are ideal for rootling in the ground after worms, insects and grubs – and sometimes, alas, for seed corn, potatoes, peas and beans. As the old rhyme says:

Sow four beans as you make your row,
One to rot and one to grow,
One for the pigeon and one for the crow.

In this context, crow almost certainly means rook for, despite the distinguishing features I have mentioned, both birds often were called by the one name.

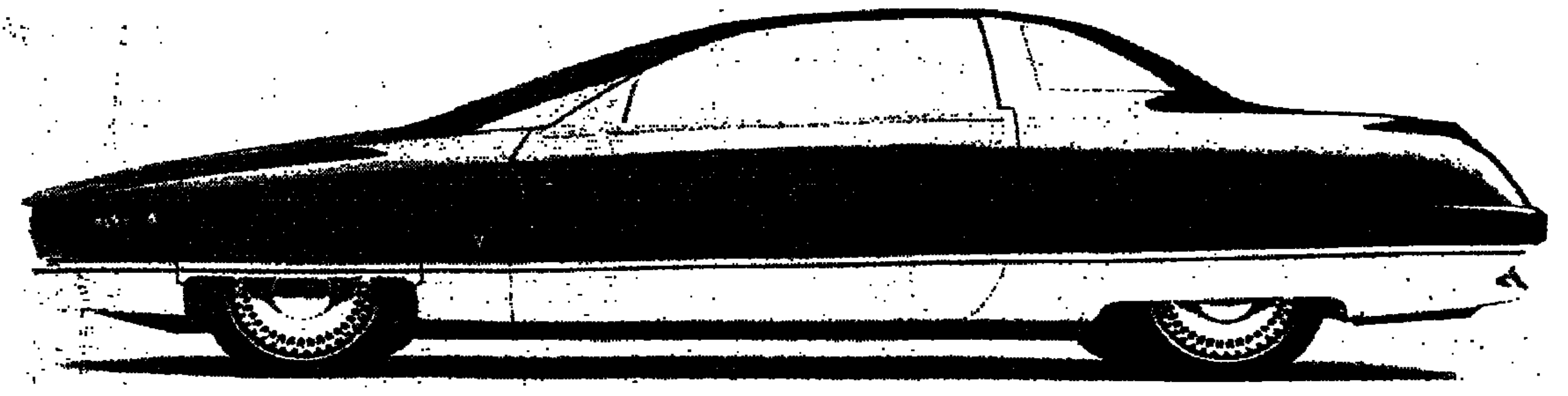
Rooks have become associated so closely with human settlements down the years that stories have evolved linking their fortunes. It is said that if the rookery is destroyed, then the farm or hamlet will go, too; but this has not prevented farmers from taking the odd retaliatory pot-shot. Rook pie was once a popular dish, and I have heard that the landlady of a local pub tried to revive the tradition a few years back. Attitudes were already much changed, however; the poor woman was besieged with abusive letters and telephone calls.

A friend in the village recalls vividly an occasion when her father came home with some dead rooks from a nearby shoot. Having prepared them for cooking, her mother took the disused legs, necks, backs and wings outside, intending to bury them in the garden. Suddenly, live rooks were flapping all around her, frightening her so much that she ran back inside. From the safety of the house, she saw more rooks arriving and settling on every available fence and tree. They stayed all afternoon until dusk fell, as though keeping an avian vigil.

Jeany Poulsen

MOTORING

The General's Cadillac steals the show at Geneva



Left: General Motors' idea of a very high performance coupé of the future. The 6.6-litre, V-12 Cadillac Solitaire looks as streamlined as the Concorde supersonic airliner and has a top section made almost completely from glass. Instead of conventional mirrors, it has exterior video cameras. You won't be able to buy it but its technology will turn up in production cars not too far from now.

MOTOR SHOWS are not just about the cars you can buy from your friendly neighbourhood dealer this week or, in the case of really new models, next month or even next year. The car-makers use them as shop windows for their creativity and cleverness. For example, Jaguar drew the crowds at Britain's motor show last autumn with an advanced XJ220 prototype that will not be produced for several years, if at all.

Usually, the Japanese make the running with advanced concept cars. But at the Geneva *salon international de l'automobile* which opened this week, General Motors has upstaged everyone. Its Cadillac Solitaire is a project for a very high-performance luxury four-seater on a truly heroic scale.

For once, the US has left Japan trailing, says Stuart Marshall

The engine is a 6.6-litre, 48-valve V-12, developed jointly by GM and Lotus. Its 430 horsepower and massive 470 lbs/ft of torque (pulling power) are fed – rather surprisingly – only to the rear wheels by a four-speed, electronically controlled automatic transmission.

It looks as clean aerodynamically as the Concorde. The front wheels are enclosed by skirts that turn with the steering. The windscreen and most of the upper surface is a continuous piece of high-impact safety glass.

Instead of conventional mirrors, it has three miniature video cameras giving a wide-angle colour picture of following traffic on a fascia screen. All four occupants have crash protection airbags. Electronic gadgetry includes a navigation system and a completely hands-off carphone with voice recognition.

An oil-rich sheikh's ransom could not buy a Solitaire, which GM hints is good for around 200 mph (320 kmh). It is said to be only a four-passenger test platform. But, like most concept cars, it contains engine, chassis and transmission technology that will turn up in production cars of the not-too-distant future.

At the other end of the scale, Ford shows a town car that calls to mind the story (sworn to be true) of the Prangila. This was a car that came off the assembly line at Dagenham many years ago – probably on a Friday afternoon – with one side from a four-door Prefect, the other from a two-door Anglia.

There is no mistake about Ford's Urba, making its Geneva debut. It is deliberately asymmetric. A derivative of the new Fiesta, it has two doors on the pavement side to let passengers get in and out safely and a single door for the driver.

The bright yellow (for added visibility) Urba has electronic sensors front and back for precision parking in awkward places, and a traffic-fume filter in the heating/ventilation system. In the boot is a temperature-controlled container – ideal for bringing perishables home from the supermarket – and a safety deposit box. If meter fees keep on going up, it might be handy as a container for the parking money.

Transmission is Ford's CVT (continuously variable transaxle) automatic, anti-lock brakes are fitted, and the Urba has a remotely controlled, high security locking system. A storage area behind the driver's door houses a "designer" shopping bag in yellow leather to match the car and has space for such Yuppie essentials as a Filofax, Walkman stereo and telescopic umbrella.

Ford is showing the Urba to test public reaction but has no plans at present to produce it.

For some years, Ford has specialised in producing prototypes (it has one at Geneva, a Ghia Via sports car of the year 2000) that attract a lot of publicity for a few days but are never heard of again. I have a feeling the Urba will not be like that. It is far too sensible a car to be put under a dust-sheet and forgotten.

Mercedes-Benz, whose brilliant new SL I described last week, has no monopoly of fast and sporting cars at the *salon*. Also making its first appearance is the new Alfa Romeo coupe built on the 75 saloon's platform and styled (should it be uglified?) by Zagato.

It looks so brutal that Alfa Romeo staff have nicknamed it "The Monster." Powered by the same three-litre V6 as the Alfa 164, the rear-wheel driven coupe has a claimed 156 mph (251 kmh) top speed. It goes on sale in the autumn and only 50 will come to Britain, in left-hand drive, at a likely price of around £40,000. Even so, Alfa-Romeo GB has already taken 30 firm orders.

Once again, the Japanese demonstrate their down-to-earth technological virtuosity at Geneva. While European manufacturers show prototypes with many advanced features, the Japanese are making and selling the cars of the future today. What, I wonder, is Japanese for Vorsprung durch Technik?

Mitsubishi displays the Galant GTi 4x4, which is the world's first regular production car to have both four-wheel drive and four-wheel steering. The idea is to make driving safer, not faster, although its top speed is claimed as a respectable 127 mph (204 kmh). Its handling, especially in slippery conditions, is said by those who have tried it – world class rally drivers included – to be "out of this world."

The GTi 4x4 goes on sale in Britain on May 12, by which time I shall have had a chance to see for myself how good it is.

Also on the Mitsubishi stand are a nice looking five-door Galant coupe and a luxury version of the Shogun on-off road estate car with a three-litre, V6 engine. The Shogun V6 will sell in Britain from the end of this month at under £20,000 and will offer formidable competition to the Range Rover at the top end of the recreational four-wheel drive market.

Daihatsu's new Ford Orion/Peugeot 309-sized family car, unveiled at Geneva and known only by its MS-X90 project number, will be coming to Britain in September. It has a 1.6-litre engine with optional fuel injecton and might also be available with four wheel drive. Its name has not been decided but it will not (a Daihatsu UK man said, with feeling) be Charmant, which was the unfortunate handle of the last Daihatsu medium saloon.

Honda's stunning mid-engined sports car, codenamed NS-X, made its debut last month at the Chicago motor show but Europeans are getting their first chance to see it at Geneva. It looks just like a Ferrari with its three-litre, V6 engine mid-mounted. The stressed-skin body shell and most of the suspension are made from aluminium alloy. A top speed of 155 mph (250 kmh) and 0-62 mph (100 km) acceleration in under six seconds are claimed.

The latter reflects the use of a traction control system which defeats wheelspin due to excess power. It must also aid driveability in slippery conditions. This is important. A thin covering of snow is enough to bring many a two-wheel driven super-sports cars on ultra-high speed tyres to a standstill.

Lotus, now a subsidiary of General Motors, has made a contribution to a pair of high-performance cars being introduced at Geneva. One is the Lotus Omega, the other the Chevrolet Corvette ZR1.

Powering the Lotus Omega, which is a decidedly non-standard version of the car we know in Britain as the Vauxhall Carlton, is a 24-valve, twin turbo-charged, 3.6-litre, six-cylinder engine. It develops 360hp and drives the rear wheels through a six-speed manual gearbox. Top speed is not quoted, but the low-slung, fat-tyred and most luxuriously furnished Omega is said to leap from a standstill to 62 mph (100 kmh) in under six seconds.

The 387 hp, V8-engined Corvette, of which more in a couple of weeks when I have driven it, also has a six-speed transmission.

Fiat, stressing the corrosion resistance of its Tipo, shows one unpainted so that all can see the galvanised steel from which its external panels are made. And Fiat's affiliate, Lancia, has a re-styled Delta HF Integrale with four-wheel drive and ABS brakes.

Chess

IN 1968, an international master and chess computer expert, David Levy, made some sizeable bets with academics that no computer would be able to defeat him in a match within 10 years. Levy landed the odds successfully in 1978 with a 3½–1½ victory over chess 4.7, the strongest available machine of the time.

No international master or even grandmaster would dare to make such a challenge today. The best computers are already proven against GMs, and the real question is whether and when they can make a further advance so as to take on the Kasparovs and Karpovs. It seems quite possible that, by the late 1990s, Kasparov's major rivals will be a woman (Judit Polgar) and a computer.

The K and K of the computer world are Hitech and Deep Thought. Both are Carnegie-Mellon University research projects, but they are produced by separate teams with different concepts.

Hitech is the brainchild of former world postal champion Hans Berliner, and its particular success lies in its use of "pattern recognition" – acquired chess knowledge – and of a new idea called "singular extension." Hitech can normally search ahead eight plies – eight white and black moves – but in forcing lines it can now explore much deeper, just as human masters do.

A few months ago Hitech demolished Arnold Denker (US champion 1946) in a match by 3½–1½, and the games included this brilliancy.

White: Hitech.

Black: A. S. Denker.

Sicilian Defence (4th match game 1988).

1 P-K4, P-QB4; 2 P-QB3, P-Q4; 3 PxP, QxP; 4 P-Q4, N-KB3; 5 N-B3, PxP; 6 PxP, P-KN3?

A mistake, and after long thought Hitech comes up with an elegant refutation.

7 N-B3, Q-Q1; 8 B-QB4, B-N2; 9 Q-R4 ch, QN-Q2; 10 BxP ch!

Denker explained later that he had allowed the sacrifice, thinking it unsound, but missed White's 13th after which "I knew I was dead." The grandmaster was a considerate opponent, even shushing noisy spectators because "Hitech's thinking."

10...KxB; 11 N-N5 ch, K-K1; 12 N-K6, Q-N3; 13 QB4! (not 13 NxB ch K-B2; 14 B-R6, P-K3 threatening N-KN1) N-B1; 14 NxB ch, K-Q1; 15 O-O, B-Q2; 16 R-K1, Q-Q3; 17 B-N5, R-B1; 18 Q-KB7, R-B3; 19 N-N5, Q-N5; 20 P-Q5! QxN; 21 PxR, QxB; 22 PxB, N(3)xP; 23QR-B1, Resigns.

Deep Thought is virtually grandmaster strength even though none of its four programmers is a known expert player. It emphasises speed and depth of search, 40,000 positions per second on one processor as against 5,000 for the fastest commercially available machines.

In the 1988 US Open, a Deep Thought version had a bug which caused it to "enjoy" being mated. A sounder version was substitued after round three, with remarkable results: Deep Thought won four in a row, including a victory over Canada's No 2 Igor Ivanov (who once beat Karpov) and announced mates in 15 and nine moves.

Later in 1988, Deep Thought went better still, sharing first prize at the Software Toolworks Open with GM Miles, defeating GM Larsen in their individual game, and finishing ahead of ex-world champion Tal.

Although chess computers you can in buy in the shops do not perform at such levels, the best of them can take on any strong amateur. In this game between two machines, described in Anthony Curtis's recent *FT* article, the play is distinctly humanoid: White accepts an opening gambit a shade prematurely (better 10 N-QB3) and Black gains active piece play.

At moves 25-34, White envelops the black central pawns, but Black counters just in time with a rook sacrifice to force perpetual check. It would be judged a good game on top board in a county match.

White: VIP (Novag).

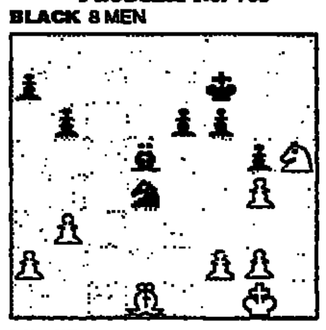
Black: Simultano (Saitek).

Ruy Lopez (1989).

1 P-K4, P-K4; 2 N-KB3, N-QB3; 3 B-N5, P-QR3; 4 B-R4, N-B3; 5 O-O, B-K2; 6 R-K1, P-QN4; 7 B-N3, 0-0; 8 P-QR4, B-N2; 9 P-Q3, P-Q3; 10 PxP, PxP; 11 RxR, QxR; 12 N-B3, N-QR4; 13 NxNP, NxB; 14 PxN, R-N1; 15 B-K3, Q-R4; 16 N-B3, R-R1; 17 Q-B2, N-N5; 18 P-Q4, PxP; 19 BxP, P-QB4; 20 B-K3, NxB; 21 RxN, Q-N5; 22 Q-Q1, P-R3; 23 P-R3, P-N3; 24 R-K1, R-N1; 25 N-Q5, BxN; 26 PxB, B-B3; 27 N-Q2, B-N2; 28 R-K7, B-B1; 29 R-R7, B-N2; 30 N-B4, R-K1; 31 Q-B3, Q-K8 ch; 32 K-R2, B-K4 ch; 33 P-N3, P-B4; 34 R-Q7, R-N1; 35 NxP, RxP! 36 QxR, QxP ch; 37 K-R1, Q-B8 ch; Drawn.

PROBLEM No. 763

BLACK 8 MEN



WHITE 8 MEN

Riumin v. Capablanca, Moscow 1936. Jose Capablanca, world champion 1921-27, was noted specially for his precision endgame technique. This week's puzzle is to find how Capa (Black, to play with level material) forced a winning position in a few moves.

Solution Page XXVII

Leonard Barden

BOOKS

The man in the urbane mask

***Anthony Curtis** discovers hidden depths in a biography of William Plomer, man of letters*

TO MEET William Plomer at a publisher's party you would have thought he was one of the mildest and most equable men imaginable. There was something distinctly "old world" – dare I add "old maid"? – about his unfailing courtesy, his easy flow of conversation, his resonant, booming tones, like that of a leading actor in the days when perfect diction was a prime requisite of the profession. To which should be added his handwriting; he abhorred the telephone, and dealt with all arrangements by letter. A great many specimens of it survive.

Now, from an admiring but completely frank biography, we may discover what he was like deep down beneath this deliberately cultivated mask of urbanity. He was homosexual, and he was brought up as a boy in South Africa by English parents, though educated at Rugby. These are the salient facts. He adored his sensitive mother, who was of delicate health, with as much passion as he hated his explosive rough diamond of a father.

As a schoolboy Plomer revealed uncommon ability both academically and in creative flair. As a young man back in South Africa he first tried farming, writing poetry and drawing sketches of the locals in his spare time. Then he helped his father run the trading-station in a remote part of Zululand on which the family's livelihood depended in the mid-1920s.

Charles Plomer's idea was that his two sons should take it over and build it up into a prosperous family firm. But things did not work out like that. William, who had already developed a pronounced hatred of racism, in particular of the way the black labourers were treated by neighbouring farmers, was not cut out for trade.

Frequently he had to travel to Durban on buying expeditions. While he was there he had made friends in bohemian circles. Before he was 20 he had written a number of poems and been in correspondence with Harold Monro about them, and had also written part of a novel. He was only 23 when he cut loose from family ties altogether and moved to Durban to live by his pen.

It was a propitious moment: a new literary magazine, *Voorslag* (Whiplash), whose outlook was in harmony with his own was about to appear. The young Roy Campbell, who had already started to make his poetic reputation, was editor-elect. Another young writer of outstanding potential involved in its genesis and who shared their attitudes was a South African newspaper journalist named Laurens van der Post. For a brief but fruitful period these three quite different talents worked together. Between them they edited and wrote most of the magazine.

Plomer, meanwhile, was setting his sights further afield and planning a conquest of the London literary world. He had written to the Woolfs at the Hogarth Press, and sent them his now completed novel of African life, *Turbott Wolfe*. To their great credit, the ill-typed manuscript from an unknown young man was eventually

WILLIAM PLOMER: A BIOGRAPHY
by Peter F. Alexander
Oxford £25.00, 397 pages

accepted for publication. When it appeared it received rave reviews in London and a ferocious onslaught in the South African press.

This strange, vivid novel which tells of loves between whites and blacks seems drenched in sunlight. It re-captures strikingly Plomer's naivety, clarity and power of delineation, his love of Africa and its black inhabitants. Read in conjunction with the foreword van der Post wrote for the 1965 Hogarth re-print, it brilliantly commemorates this formative period of Plomer's life. After the collapse of the magazine, Plomer and van der Post went on a voyage to Japan as the guests of a Japanese shipping company, after which Plomer stayed on as a teacher of English, befriended now by Edmund Blunden.

By 1929 Plomer was back in London, and his exotic years were over. He spent the rest of his life in England, either in London or in Sussex; he moved to Rustington in middle age, and then, when that pretty seaside town was "developed," to Hassocks.

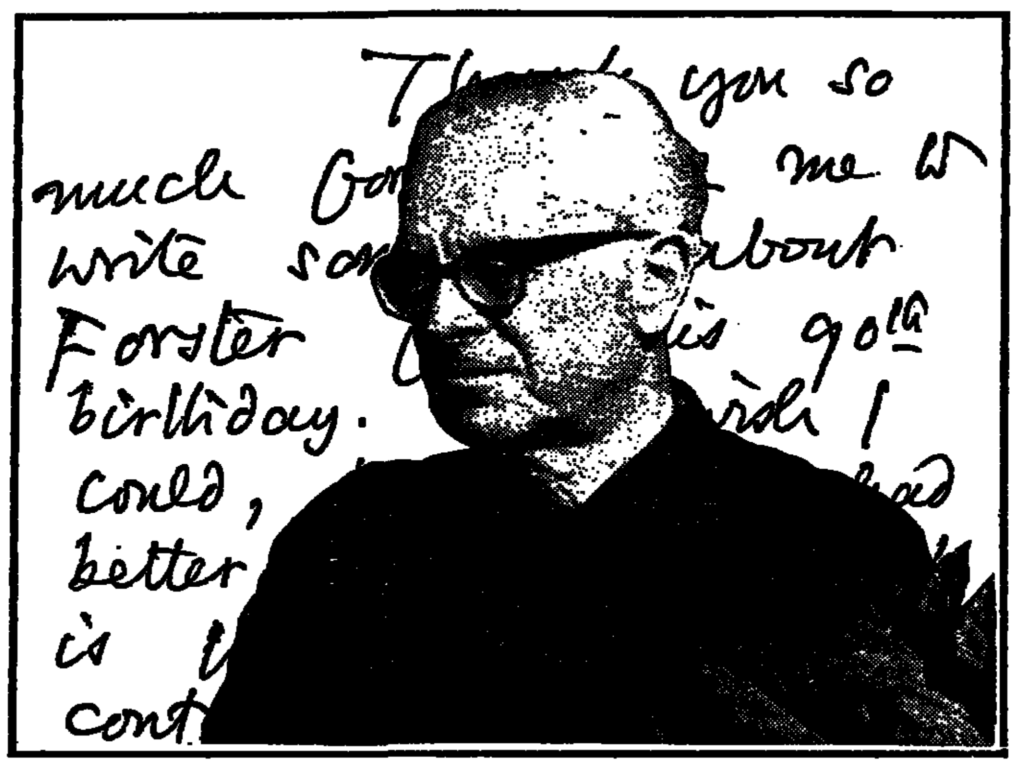
Such adventures as he had were confined to the gay bars around Knightsbridge and Victoria, a seedy, sordid, twilit, pre-war world familiar to readers of J.R. Ackerley's memoirs. Plomer, who like Ackerley had a seemingly insatiable appetite for one-night stands with rented male lovers, became a close friend of his.

Plomer's casual amours seem marginal beside his career, which was always pursued with an admirable energy and commitment. He was a success in all but the commercial sense. His one moderately best-selling novel, *The Case Is Altered*, is set in a London boarding-house. The Jewish landlady has her throat cut by her husband in a pathological fit of jealousy. It was based on events that occurred in Plomer's own lodgings in Bayswater. The slow build-up to the horrible climax is observed with curiously cold detachment by the narrator. That same detachment that you find in Plomer's poetry, in particular the later cruel ballads, *The Dorking Thigh* and others.

Plomer combined these creative efforts with the busy life of a professional man of letters; reviewing, lecturing, broadcasting, committees, judging-panels. Above all he was literary adviser to Jonathan Cape in succession to Edward Garnett from before the war until his death, regular employment broken only by his work in naval intelligence (with Ian Fleming and "M") during World War Two.

Among Plomer's discoveries for Cape were Fleming's first James Bond book, which Plomer persuaded them to publish much against Jonathan Cape's judgement, and *Kilvert's Diary*, which he lovingly edited himself from 20 handwritten volumes. Plomer also had a huge circle of acquaintances in the literary world, some eccentric lifelong companions like the dilettante Anthony Butts, whom he portrayed in a novel, *Museum Pieces*, and many distinguished friends: Stephen Spender, Elizabeth Bowen, E.M. Forster, Rupert Hart-Davis. The intermittent appearance in the biography of such people considerably enlivens it.

Another friend, late in life, was Benjamin Britten, for whom Plomer wrote the librettos *Gloriana* and *Curlew River* among other works. Like Britten, Plomer had a creative fascination with the unexplained presence of evil and violence in an otherwise cosy, insular, domestic ambience. Alexander's carefully researched and readable biography helps to explain how this came about.



William Plomer, an old-world man of letters

Whip who kept his party from cracking

***Joe Rogaly** on the parliamentary memoirs of Edward Short, a pillar of the Wilson era*

WHIP TO WILSON: THE CRUCIAL YEARS OF LABOUR GOVERNMENT
by Edward Short
Macdonald £12.95, 291 pages

IF THE leader of Britain's Labour Party, Neil Kinnock, does by some miracle win the next election, he will certainly do so by the slimmest of majorities. Even that would be a comparatively greater feat than Harold Wilson's in 1964, since Kinnock starts from a worse position in the opinion polls than did the now Lord Wilson of Rievaulx.

Lord Wilson began 107 seats behind the Tories and ended 13 ahead of them, but his Government's majority over all other parties, including the Liberals, was five at the start and three after a disastrous early by-election. If the Tories had not been willing to fill various non-voting Parliamentary offices, there might have been no majority at all.

What would Kinnock do in similar circumstances? Like Wilson, he could decide to live dangerously and press ahead with a display of aplomb. Much would depend on the Conservatives; in 1964-65 they wanted Labour to survive because they were pre-occupied with their own internal leadership election.

This account of the work of Edward Short (now Lord Glenamara) as Government Chief Whip from 1964 to 1966 would be an engrossing read for any successor faced with similar circumstances. There is much about Parliamentary business, Commons tradition, the use of the "usual channels," and secret strategy wallboards showing where every member was, day and night.

The job was to keep the Labour vote solid, even when difficult members such as Woodrow Wyatt and Desmond Donnelly threatened to rebel over the nationalisation of steel. The Chief Whip did his best, but it is also apparent from Lord Glenamara's narrative that higher authorities – George Brown? Harold Wilson? – thought it prudent to make behind-the-scenes arrangements with WW and DD.

Meanwhile, the book should be stored in the already well-stocked shelf of memoirs by former Labour Ministers. This one is unfavourable to Richard Crossman and George Wigg and mixed about the famous Marcia Williams, who became Lady Falkender. (". . .she served an invaluable purpose in No 10. She debunked the Prime Minister whenever she felt he needed it.") It is nicer about the then Anthony Wedgwood Benn than any of them.

But there have already been sufficient compendiums of anecdotes about those famous 100 days when the cheekie chappie in 10 Downing Street kept everyone amazed and amused, not to mention the period leading up to the triumphant 97-seat majority following the 1966 election. What is provided here is additional detail about an already well-told story. It will be good raw material for historians of the period; it cannot in itself be that history. Neil Kinnock need not read it until Labour is 10 points ahead of the Conservatives in the opinion polls, and holding.


Edward Short, now Lord Glenamara

A demagogue alone

SIMON SABIANI was a demagogic Corsican immigrant who became the Tammany Hall-like boss of Marseilles during the early 1930s. Sabiani's motley pre-war collection of immigrants, gangsters, ex-communists and frightened bourgeois joined with Jacques Doriot's fascist Parti Populaire Français (PPF), and came to work closely with the Nazi administration in occupied Marseilles, chasing resisters, saboteurs and Jews.

Professor Paul Jankowski of Stanford University in the US has given full play to the drama of the subject without compromising scholarly standards. Though historians have been arguing about the peculiar nature of French fascism for many decades, they have previously neglected the kind of socio-economic enquiry common to studies of German and Italian fascism.

Instead, they have concentrated on the leaders of the so-called fascist organisations and analysed their ideas for purposes of definition and explanation. Jankowski has abandoned this ideological approach and looked instead at the local and provincial roots of one of these movements.

Sabiani built up his following in "Marseilles Chicago" through a system of favours granted in return for votes. The fourth canton of Marseilles, with its mixed population of Corsicans and other immigrants as well as impoverished French, was the natural base for a man familiar with the clan politics of Corsica. Sabiani, whose whole life was politics, provided the sole rallying-point for his followers; *Sabianisme* was basically a system of clientage without an ideological base.

The backroom boss of Marseilles was to change his ill-defined political coat many times, moving from extreme left to extreme right in order to avoid extinction and survive the changing pattern of politics in the mid-1930s.

Under Vichy, the PPF, with its Sabianiste following, turned strongly pro-Nazi and from November 1942 until August 1944, Sabiani emerged as the most important collaborationist leader in Marseilles, acting as mediator between his followers and the public authorities, both French and German.

In 1944 the Allied victory drove Sabiani into German exile; former clients and friends who remained in Marseilles became the victims of local vengeance, or were tried by the Cours de Justice, established to bring order into the post-war judicial process.

The PPF's more militant members were severely judged; members of the party's passive majority were let off lightly. Sabiani, who fled to Italy, was condemned to death in absentia.

Unfortunately Professor Jankowski provides relatively little information about Sabiani's

COMMUNISM AND COLLABORATION: Simon Sabiani and Politics in Marseilles 1919-1944
by Paul Jankowski
Yale University Press £25.00, 288 pages

years in exile, first in Buenos Aires and then for a short time in Barcelona, before his death in 1956.

Sabiani's story has a life of its own which goes beyond the study of fascist politics in Marseilles. What is fascinating about this book is not just the portrait of Sabiani, but the reconstruction of the lives of his supporters.

Sabiani's early clients were wild and unruly, with a heavy Corsican and lower-class representation. In the alliance forged with the PPS, the social centre of gravity rose from unskilled and skilled workers to the ranks of the bourgeoisie. Yet even then there was little "fascist" about the Sabianiste core of the PPF, despite its leaders' railings against communists and Jews. Sabiani thought Vichy "too soft" (the dislike was reciprocated) and abandoned Pétainisme for an ultra-collaborationist stand.

Still, the social basis of the PPF hardly changed in these early Vichy years. Two-thirds of its members had joined before the war; the party continued to be dominated by its middle-class membership with a large percentage of functionaries, the perennial Sabianistes.

After 1942, an influx of the young, unemployed, and ethnically patternless, transformed the party. The functionary element almost disappeared. The new recruits joined to avoid work in Germany, because they had offended against the law or because they needed employment. They were a group assembled by extraordinary circumstances and united only by ordinary greed.

The old leader, increasingly torn between wishing to serve the Nazi occupiers in all ways possible and his dislike of the bloodshed and torture these activities involved, tried by individual acts to protect his older followers, but the PPF became increasingly marginal and more violent and left Sabiani behind. Somewhat surprisingly, Professor Jankowski estimates that less than 1 per cent of the total population of Marseilles was actually collaborationist.

Perceptively combing the extensive core archives, Jankowski shows the degree to which PPF membership and collaborationist action was determined by practical considerations rather than by principles of any kind. The worst elements among the political marginals who had always flocked to their undiscriminating champion came to the fore during the Nazi occupation. But the Sabianistes never constituted a real political party; their pseudo-fascism was never an articulated ideology. Only their loyalty to Sabiani was real.

This study of grass roots politics in Marseilles is fascinating in itself and an important corrective to existing studies of French fascism. It is well worth reading.

Zara Steiner

Fiction

Biggleswade bounder

JONATHAN Peter. Fixx, the narrator and self-styled hero of Terence Blacker's first novel, is a sparkling creation, a bounder in the honourable English tradition of Flashman and Captain Grimes. He is a wide-boy from Biggleswade, a yuppie before his time, a relentless go-getter and self-promoter of a type that has prospered more than somewhat in the past 10 years. A parable for our times perhaps, but a good laugh along the way, with plenty of entertainment thrown in.

Born in 1939, son of an alleged war hero, Fixx, like Byron, was a superstud before puberty. He lost his innocence to his nanny at an early age, saw to it that she was sacked thereafter, and has behaved like a cad ever since. Packed off to the army school at Melton Hall (the author was himself at Wellington, and makes a good joke of numbering James Hunt and Jeffrey Archer among his alter ego's contemporaries), Fixx is soon running a brothel in the school Planetarium – an enterprise that only goes wrong when half the sixth form come down with an embarrassing social disease.

Fixx burns the Planetarium to destroy the evidence (accidentally incinerating the school groundsman in the process), and leaves school under a cloud to become a gangster in the Soho of the late 1950s. He makes friends with the Kray brothers, gets Dominic Kray's girlfriend pregnant, and casually passes the blame on to a man named Richardson . . . from which it is but a short step to pop promotion, property-dealing, a country estate, an aristocratic wife and grudging acceptance by the Establishment. Fixx has arrived, the common man made good – like so many of his kind in the real world.

It all goes wrong in the end, of course. One of Fixx's medical research companies experiments with a deadly virus in Africa, to be used against the Communist moles in MI5. The virus works best on homosexuals, and is accidentally transported to America via a promiscuous airline steward with a lot of gay friends in Greenwich Village. The rest, as they say, is history, although Fixx manages to cover his tracks as carefully as ever. He is a splendid character, thoroughly disreputable, a villain in every sense of the word. We must see more of him in the future.

Disreputable too are the four apparently genteel ladies who live upstairs in Barbara Comyns' *The House of Dolls*. They are all of a certain age, well past their prime, with fanciful memories of a grander England in which servants still existed, horses were there to be ridden, and rent was something you collected from the

FIXX
by Terence Blacker
Bloomsbury £12.95, 253 pages

THE HOUSE OF DOLLS
by Barbara Comyns
Methuen £11.95, 270 pages

SOMETHING IN THE AIR
by Emma Lathen
Simon & Schuster £11.95, 270 pages

QUICKSAND
by Louise Hyde
Honeyglen £9.95, 243 pages

tenants, rather than had to pay yourself.

The ladies have fallen on hard times, in short, and have responded in spirited fashion by setting themselves up as prostitutes, albeit discreet ones. They entertain their gentleman callers upstairs, to the consternation of their landlady, a retired skivvy. She lives in the basement with her daughter and is enjoying a romance of her own with a friendly policeman who comes to help out in the garden. One of the ladies is in love too, with a Putney dentist who would be appalled if he knew what she got up to in her spare time.

All of which makes for a delightful comedy in the finest Ealing tradition. The author pokes gentle fun at the English passion for respectability, and writes with a clarity and sureness of touch remarkable for someone in his 20th year. It is too much to hope that *The House of Dolls* will ever be televised, in a nation besotted with *Neighbours*, but it would make excellent viewing all the same.

Emma Lathen's *Something in the Air*, her first book for several years, is actually the work of two American ladies who came together a long time ago to write detective stories under a pseudonym, and who have been at it ever since. Old hands will be familiar with their amateur sleuth John Putnam Thatcher, now a Wall Street executive and vice-president of the world's third largest bank. Into his orbit comes Mitchell Scovil, go-getting boss of Sparrow Flyways, who needs the bank's money to expand his business into a coast-to-coast operation.

Not all of Scovil's employees agree with his expansion plans. One in particular, a dim but voluble pilot, makes no secret of his opposition to the whole idea. The pilot is found dead, his head bashed in with a Flyways monkey wrench.

Who killed him? The obvious suspects are slowly ruled out, paving the way for a solution which is slick enough without being mind-boggling. But there is a feeling of routineness about the whole enterprise, as if the authors have done it all before and are going to do it all again in the near future.

Louise Hide's second novel *Quicksand* – not to be confused with Nella Larsen's 1920s novel of the same title, currently being reissued – is a maundering tale of life in a remote Suffolk village, as lived in a caravan by a deserted mother and her two daughters by different fathers. Poverty, drink, drugs, rape, a father found dead on the beach, a nuclear power station pumping leukaemia-inducing waste into the sea – the author piles gloom upon gloom with never a thought for the susceptibilities of the reader. She writes well enough, but she needs to become much more cheerful if she wants to win a wider audience for her work.

Nicholas Best

Pangs of conscience

THE 20th CENTURY has had a strong affinity with pessimism. There was once the saying that God had died of shame on the first day of the Somme. Then it was superseded by one that He died in Auschwitz. Thus many novels of our era often have an abundance of misanthropy: the suggestion is that Man is on his own and inherently corrupt, that social change (a.k.a. Revolution) is an evasion, a distraction from that reality.

Patrick Reilly's *The Literature of Guilt* is a study of five novels in an age without redemption. His longest chapter is a discussion of the *locus classicus* of misanthropy – Book IV of *Gulliver's Travels*. Gulliver returns from the country of the Houyhnhnms to meet his family with "Hatred, Disgust and Contempt." Swift's invective still has the power to shock, because the fault that lies within ourselves remains recognisable.

From Lemuel Gulliver's self-hatred among the Yahoos, it is a short distance to Winston Smith's terrible insight in Room 101: that he would rather his beloved to be tortured than himself. ("She felt likewise.") Such a revelation of abandonment and isolation is to be found not only in *Nineteen Eighty-Four*. The journey to the interior in Conrad's *Heart of Darkness* is also discussed, as well as Mann's *Death in Venice* Camus's *The Fall* and Golding's *Lord of the Flies* In each there is a powerful treatment of human imperfection, and imperfectibility.

A Christian (or post-Christian) tension can be found in the polarity between Augustinianism and Pelagianism. The themes are touched on, but the fiction of Anthony Burgess is unfortunately not mentioned.

THE LITERATURE OF GUILT: FROM GULLIVER TO GOLDING
by Patrick Reilly
Macmillan £27.50, 178 pages

Neither is Article IX of the Thirty-Nine Articles, which attacks the English bent towards Pelagianism. Like Swift himself, Reilly rightly finds that human frailty cannot be an excuse for inaction or wilful reactionariness.

Reilly's discussion of these texts is masterly and full of insights – for example, on the modern sentimentalism that can accept the idea of Heaven but not of Hell, on the Swiftian contempt for doublethink, and on the pernicious relationship between a longing for the absolute, and extremism.

So successful is the critic's discourse that the books discussed become secondary to the refraction of their ideas. The subject of how we live – or can live – is explored minutely in too few works. However acutely these are appraised, the tradition of literary soteriology (the study of the meaning of salvation) seems unduly neglected. James Hogg, Flann O'Brien's *The Third Policeman* and the germane heresies of Origen are all unmentioned. If 20th century literature is to be the field, the contrasting nihilisms of B.S. Johnson and Robert Musil have much to be mined. Here instead, the mordancies of Graham Greene's *The Quiet American* are wasted in a single paragraph about "murderous innocence." Perhaps the greatest omission is Samuel Beckett, whose *Molloy* is, in part, an anguished reworking of *The Pilgrim's Progress*

Despite these misgivings, and despite an inadequate critical apparatus, this is a very rewarding book. *The Literature of Guilt* is uplifting in a dismal age. But even Beckett was able to observe (in *Malone Dies*) : ". . .why be discouraged, one of the thieves was saved, that is a reasonable percentage."

Bernard McGinley


This illustration from Prince Henry's copy of Tuccaro's "Trois dialogues de l'exercise de sauter et voltiger en l'air" (Paris, 1599) is reproduced in *Treasures of the British Library* (The British Library, £25.00), a handsome volume, compiled by Nicolas Barker and members of the curatorial staff, which traces the history of the various collections over the centuries.

Crime

SCREAMING BONES
by Pat Burden
Collins £10.95, 204 pages

A VICTIM MUST BE FOUND
by Howard Engel
Gollancz £11.95, 275 pages

THE ONLY trouble with creating a splendidly complicated puzzle – as Pat Burden does in *Screaming Bones*, her début novel – is that, in the concluding pages, you have to do a great deal of unravelling, which can become tedious. Here, the denouement is not exactly tedious, but it does require an abrupt change of pace, a slowing-down. For the rest, the book is rich in enjoyable characters, handsome scenery, and sleek prose. The protagonist, Detective Chief Superintendent Henry Bassett, is someone we would like to meet again.

Sin and slaughter in provincial Canada. Howard Engel's familiar private eye, Benny Cooperman, is in excellent form in *A Victim Must Be Found*, and so is his author. The pace is leisurely, there are a number of digressions, but attention never flags and both the crime and the solution are convincing.

William Weaver

INDEPENDENT EDUCATION

Private schools face pressures after the age of plenty

***David Thomas** reports on why the Government's reforms could intensify competition in wooing students*

INDEPENDENT SCHOOLS, by nature suspicious of precipitate change, are facing a novel set of pressures. Their response to these pressures will determine whether the 1990s turn out to be as successful a decade for them as the 1980s.

Certainly, few people in the independent sector have cause to bemoan the last ten years. Demand has been intense, fuelled by mounting discontent with standards in the state system and by sharply higher incomes among the middle classes. In England, independent schools educated 7 per cent of all pupils last year, compared with 5.7 per cent a decade earlier - an increased market share achieved despite a sharp demographic decline in the total number of school-children.

Success has been fairly evenly spread. While the independent schools cater for almost one in five sixth form pupils, parents are also buying an independent education for their children at an ever earlier age.

Yet even this era of plenty has had its casualties, particularly among less well-known schools. More than 200 schools have closed since 1985, offset by slightly fewer numbers of schools starting up. Most of this turnover has been in London and the south east. Less prestigious boarding schools have been vulnerable to the increase in fees and the growing wish to keep children at home.

Independent school closures reflect a new competitive atmosphere in education. This competition will intensify if the Government's education reforms are even half as successful as Ministers hope.

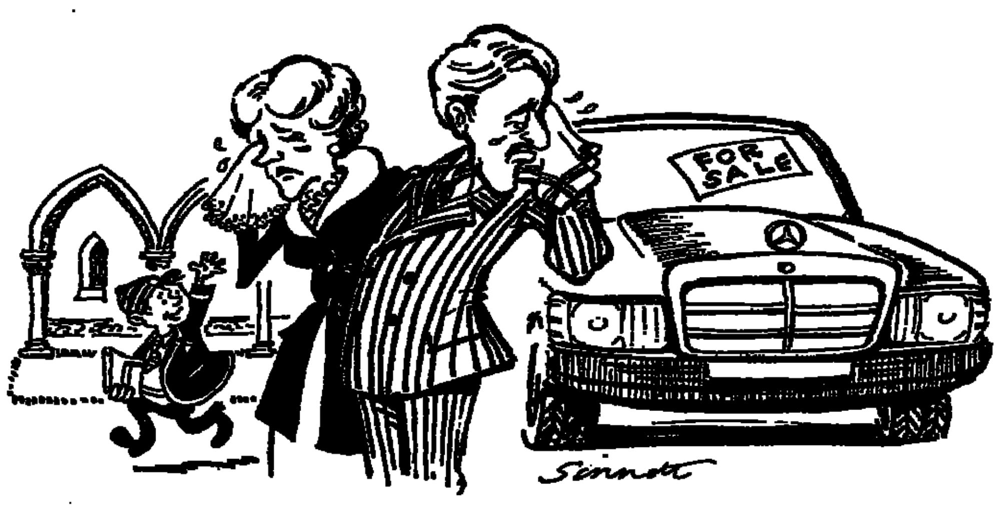
The new national curriculum, City Technology Colleges, the right of state schools to opt out of local authority control and set themselves up as "grant-maintained" schools – these cornerstones of the Government's programme are all designed to raise standards in the state sector. Ministers are hoping state schools will emulate precisely those standards which have long been most highly prized by parents who opt for private education.

The implications for the independent sector have not been lost on the proponents of the Government's reforms. "It is very sad that so many parents have to strive to get their kids into independent schools, some of which are not very good, because they are afraid of the maintained sector," Andrew Turner, director of the Grant Maintained Schools Trust, has said. He predicts that some weaker private schools could fold.

Meanwhile, curriculum changes in state schools are likely to have an even more direct impact on the independent sector. Independent secondary schools have, of course, little choice but to adopt their teaching to the new 16-plus General Certificate of Secondary Education exam, with its increased emphasis on practical and oral skills, together with course work, over set exams, one of the private sector's traditional strengths.

But most independent schools are also likely to follow the new national curriculum, even though the Education Reform Act specifically excludes them from its provisions. "We are part of a national system of education," explains Christopher Everett, headmaster of Tonbridge School, who followed the passage of the Act through Parliament for the Headmasters' Conference, which represents the leading boys' public schools.

Everett is quick to point out that most private schools cover the main provisions of the national curriculum anyway, implying a limited need to overhaul their teaching. Moreover, they will have greater freedom than their state counterparts in fitting non-curriculum subjects such as Latin into their timetables.



Nevertheless, private schools intending to follow the national curriculum will have to change if only in carrying out the battery of tests at ages seven, 11, 14 and 16 prescribed under the curriculum. Everett thinks most private schools will have to set these tests in order to meet parental expectations, since many children move during the course of their schooling between the state and private sectors.

That not everyone in the private sector is happy with the curriculum changes was demonstrated this year when, unusually, media attention was briefly caught by a fracas in the private sector. On the surface, the row was about the Common Entrance exam, the means by which children in the fee-paying sector pass from prep school to public school. But the issues raised went far wider than Common Entrance.

Eton, St Paul's and Westminster, three of the most distinguished public schools, let it be known that they might withdraw from Common Entrance and set their own entrance exams.The complex dispute reflected their unease at a string of changes being made to Common Entrance, which were designed to reduce its stress on rote learning, increasing instead emphasis on practical and analytical skills. The changes would bring Common Entrance more into line with modern curriculum thinking, seen in its clearest form in the GCSE.

The two sides moved quickly to defuse the dispute, though the three public schools might still go their own way. They are worried that standards might slip because the curriculum changes do not cater for the brightest children. "The GCSE approach must not erode the really good work which used to go on in prep schools on more traditional lines," as David Summerscale, Westminster's headmaster, has put it.

Another pressure common to the private and state sectors is the increasing concern about teachers shortages. Last month the Headmasters' Conference warned the Commons Education Committee, which is inquiring into the problem, that the Government has not appreciated its urgency.

Christopher Martin, headmaster of Bristol Cathedral School and part of the HMC delegation to the Commons, explains that independent schools, with their higher pay and better working conditions, are better placed to bid for scarce teachers than state schools. Unlike some of their state counterparts, private schools are not having to ask teachers to take subjects in which they are unqualified.

Yet independent schools have still noticed a marked decline in the number of good quality applicants for teaching vacancies, according to Martin. Unless the supply problem is remedied, he argues that independent schools will inevitably have to respond by bidding up teaching salaries or by improving incentive packages for new teachers.

That would inevitably put pressure on fees, as will the recent decision to charge VAT on new buildings or extensions to buildings, such as classrooms, which are unconnected with a school's domestic activities. So parents hoping for some respite from the recent steep increase in fees may be disappointed, despite the relative modesty of the 6 per cent pay rise recently awarded to teachers in the state sector for 1989-90. Most private schools usually follow the state sector in increases to their teachers' pay bill, the biggest element of their costs.

Meanwhile, other changes continue in the private sector. One such is the trend to co-education. Derek Fenner, chairman of the HMC's co-education group and headmaster of Alleyn's School, Dulwich, reckons that 80 HMC schools are going fully co-educational.

He discounts fears that girls might lose out in co-educational schools, pointing to a study which shows that girls have done as well as boys in sciences and maths in the sixth form in co-educational private schools.

Averil Burgess, president of the Girls' Schools Association and headmistress of South Hampstead High School, disagrees. She says that girls are more likely to drop science and maths before entering the sixth form if they are in co-educational schools than if they are in all girls' schools. This argument will continue.

Shop around to pay those rising fees

***Eric Short** gives advice on the realities of £3,000 a term and the advantages of houses and grannies*

PARENTS WHO want to educate their children in the private sector must face the highly expensive facts.The Independent Schools Information Service (Isis) in its latest review of school fee levels shows that parents are paying, at the median, £2,000 a term for senior schoolboy boarders, with the most expensive schools costing more than £3,800 a term.

It is less costly for day boys at senior school level – around £1,000 a term, but again the highest fee for day boys is approaching £2,000 a term.

The cost of private education for girls is slightly less expensive – a median fee of £1,700 a term for boarders and £800 a term for day pupils, with a narrower spread of fees between schools compared with those for boys.

Fees are rising far faster than price inflation, averaging 9 per cent a year over the past five years.

Most parents rely on paying fees out of the family income. Though salaries at present are rising faster than prices and tax rates are at their lowest levels since World War Two, it is still a tremendous financial burden.

Surveys show just what sacrifices families are prepared to make to ensure the education of their children – taking second jobs, foregoing holidays and so on. But the burden can be eased if parents take the trouble to plan ahead.

There are a variety of saving schemes devised and promoted by the school fee specialist firms, using not only traditional with-profits life contracts, but unit-linked and unit trusts, National Savings and deferred annuity payments.

Parents should also be prepared to utilise any available funds, though it seems a good idea to turn to grandparents or other relations. Grandparents are said to be paying the fees for about one in five private school pupils, either partially or in full.

The ending of tax relief on convenants made family assistance on fees more expensive. There are no signs of any slackening in such financial help. But it seems that more and more people are borrowing against the security of the family home.

With the value of houses appreciating, loan schemes were drawn up. But the cost of servicing such loans can be high. The rise in interest rates over the past 12 months has put a severe strain on this kind of borrowing.

Nevertheless, the Ascot-based school fee specialists, Clairmont Savill, reports no slackening in demand, but it is seeing people coming back to top up their loans. Until now there has been no demand for interest to be rolled up into the original loan.

The need for specialist advice on all aspects of school fee planning is obvious. However, developments in this field could change the nature of these specialists and the services they offer. Most of the operations of the specialists come within the provisions of the 1986 Financial Services Act and the majority of the specialists are independent financial advisers, authorised to transact their business by Fimbra (Financial Intermediaries, Managers and Brokers' Regulatory Association).

They are remunerated by commission from the life company or unit trust group on the products sold, the commission being in accordance with an official scale. This commission scale disappears at the end of the year and independent advisers will be forced to disclose to clients the commission received on the sale of a contract. However, if the adviser opts to become the representative of just one life company and sell just that company's products, he does not have to disclose his remuneration.

Many independent advisers are considering switching to becoming company representatives. To date, no school fee specialist has switched, but some admit to being under considerable pressure. The company representative must make his position clear to clients and clients must understand what each status means.

A school fee specialist who operates as an independent adviser offers his client what he considers to be the best products from all available life companies to meet that client's requirements. He will disclose the commission which could appear high to the layman, thereby requiring an explanation.

The Maidenhead-based School Fees Insurance Agency claims that it does not fear this disclosure.

A company representative must make it clear to clients whose products he is selling. His advice and planning must, like the independent adviser, meet his client's requirements. But the underlying products will be those of his tied company, not necessarily the best in the market.

Details of advisers and school fee specialists are available in a free leaflet on School Fees from the Independent Schools Advisory Service, 56 Buckingham Gate, London SW1E 6AG. However, this leaflet does not indicate the status of the specialist or describe the implications of the Financial Services Act.

The schools themselves are now doing more to ensure that pupils complete their education, even if the family can no longer afford the fees.

INDEPENDENT EDUCATION

Millfield is much more than the playing fields of Eton updated

Looking to the future in the shadow of ancient Glastonbury Tor

James Bredin spends a day at the school for all reasons

GIVEN THE choice and assuming you would not have any difficulty finding around £8,000 a year to cover the fees, would you prefer to send a child of yours to Eton or to Millfield? It would depend, among other considerations, on your expectations and ambitions and how you thought each school could match them.

Eton College, founded in 1410 by Henry VI, has produced a Governor of the Bank of England, an Archbishop of York and 20 Prime Ministers from Walpole to Macmillan. Millfield, founded in 1935 by R.J.O.Meyer, has produced rugby internationals Gareth Edwards, J.P.R. Williams, Chris Oti and Richard Harding and Olympic gold medallists Mary Rand and Duncan Goodhew.

That is Millfield's problem. Too many people think it is primarily interested in adding to its already impressive sporting record and only incidentally concerned to provide anything as dull as a good education. The truth is different, as I found on a recent visit.

There is nothing either ancient or cloistered about Millfield. It looks and feels more like a bright new university than a venerable old school. Through the windows of one building you can see an electron microscope and on the wall of another a satellite television dish. The campus, as everyone calls it, sits happily in the middle of Somerset beneath Glastonbury Tor, which you may see from a different angle every time you turn a corner

Meyer, its founding headmaster, was captain of Somerset County Cricket Club, and ran the school exactly as he felt inclined. Now retired, he was the kind of headmaster who, in the early days, could gather up everyone he happened to find in the staff common room and sweep them off to Wincanton races for the afternoon. The school (with 795 boys and 440 girls, 80 per cent boarders) is now run with appropriate professionalism by Colin Atkinson as principal and Brian Gaskell as headmaster. Atkinson, who was headmaster for 15 years before becoming principal, is a director of two companies and was recently appointed chairman of the ITV company, HTV West.

When I asked him if the relationship between principal and headmaster was like that between a company chairman and a managing director, he gently steered me in the right direction. *"Executive* chairman," he said.

One of the responsibilities the principal reserves for himself is the final decision on admissions. Millfield, he says, encourages the pursuit of excellence and assumes that "every man has it in him to produce work whose quality, judged by appropriate standards, can be described as first class."

In line with this, the headmaster sees Millfield as giving pupils "ample opportunity and encouragement to raise their own sights a notch or two higher than they had previously thought possible." Both are talking about academic as well as sporting and other activites and about women as well as men.

This year Millfield is charging £8,255 (including most extras) for boarders but 44 per cent of all pupils receive bursaries or scholarships ranging from 5 per cent to 80 per cent of fees. One or two particularly promising and deserving pupils have quietly had their fees waived completely.

The effect of all this is that Millfield is unlike, and has an atmosphere unlike that of any of the other top independent schools. It is a highly successful meritocracy which avoids the public schools' perpetuation of social divisions and the comprehensive schools' manufacturing of mediocrity.

It does it, as the principal puts it, by offering "a wide choice of activities, academic, athletic and aesthetic; a spirit of excitement, challenge and competitiveness, and not least, a discipline based on the belief that responsibility comes before freedom." It does it with over 160 full-time staff and 15 part-time, giving a staff-pupil ration of 1:7.

It does it with an academic system (offering 55 subjects at GCSE level and 37 at A Level) based on group tutors, senior tutors and a director of studies; a pastoral system based on heads of year, house parents, a chaplaincy and a lay team of counsellors; and pupil involvement through head boy and girl, school and house prefects and a school council.

Participation in a wide diversity of activities is compulsory for all except those in their main examination years. The choice ranges from a computer club to social service, from a drama workshop to life saving, from film appreciation to the Duke of Edinburgh Award Scheme, from a literary society to orchestral, chamber, choral and other kinds of music at an astonishing level of competence and enjoyment.

Staff involvement in these activities is generously beyond the teacher's own specialist subject. At Millfield it is impossible for anyone to claim to be bored on the grounds that there is too little to do.

Anyone who thinks that Millfield is still too interested in sport and is not therefore, a *serious* school might consider some facts.

■ In an average year, of the 210 sixth form pupils, 120 will get three A Levels, 150 will go on to degree courses of which 21 will be at Oxbridge (30 in 1986-87).

■ Among the 25 teachers in the large mathematics department there is a team of authors who have published A Level textbooks on pure mathematics, calculus and statistics.

■ Among Old Millfieldians are a First Secretary in the Cabinet Office and the producer of the film, *The Last Emperor*. Neither is a rugby international.

■ The school is about to appoint its first artist in residence, a sculptor.

■ As a matter of policy Millfield educates parents into a realistic assessment of pupils' academic potential and university prospects.

■ Millfield takes particular care to help dyslexics. It has a language development unit in which dyslexics can be made capable of higher education and jobs when they leave. Their inspiration is one dyslexic pupil who did not get English language at O Level, was remarkably gifted at mathematics but, even at A Level, had to have questions read out to him by the staff. From Millfield, he won a place at King's College, Cambridge, and now lectures at London University.

Finally, Millfield has a sense of humour, even about itself. There is a delightful self put-down in the minutes of a recent meeting of heads of departments and senior tutors. Progress on one item in the agenda is described as being "on the slow side of steady."

Old Millfieldian Mary Rand enjoying her success at the Tokyo Olympics in 1964

Days of the exam factories have gone

Alan Forrest reports on the new mood in the further education colleges

ACCORDING TO people in the business, independent further education colleges are thriving as never before. In an article in the latest guide to the sector, put out by school consultants Gabbitas, Truman & Thring, Mrs F. Colyer, chair of the Conference for Independent Further Education and a Sixth Form College principal, lists several reasons.

She says they have proved that they can achieve excellent exam results, they have satisfied their customers about living conditions and amenities and, as British universities and polytechnics are regarded by overseas students as the best in the world, they find a two-year course at a UK independent college can provide them with the necessary entry qualifications.

And the number of parents of children in the state system deciding to "invest" in the last two years of education before A Level is increasing.

Many of these colleges are excellent and the guide I have mentioned is certainly one of the best to them. Of the ones whose main object is to prepare students for GCSE or A Levels or provide another chance for those who have ploughed first time round, some object to being called "crammers" while others, including the rather up-market Collingham Tutors in London's Earls Court, doesn't mind at all. Colyer, writing in this 1988-89 guide, has no doubt that they will continue to be called "crammers" but points out that their work is of such a standard that the days of the old "exam factory" have gone.

The best of them are very good. I have sat in on a GCSE literature session which really brought the poetry of World-War One to life. It was done complete with war maps and a tutor who knew his history and his politics as well as his poetry. I met a young man who had defected from a good public school in Oxfordshire because he found the "crammer" giving him a better course for his intended business career. And a woman in her forties followed her daughter at the "crammer" just because she wanted to get a few A Levels.

They are not cheap. Take a place like St. Clare's in Oxford which specialises in courses for the International Baccalaureate. This is a wide-ranging exam, now an extra offering at many public schools, Sevenoaks in particular. Three subjects are studied at roughly equivalent to A Level and three at "subsidiary" level.

Faces of serious study as the time for the examinations approaches

Students must also deliver an extended essay of about 5,000 words, must take part in cultural, aesthetic and social service activites and follow a Theory of Knowledge course "which develops their capacity for critical thinking."

St.Clare's fees are around £7,000 a year including accommodation.

Or take a college like Marsden Tutors in London a few minutes away from the rather smart Queens (tennis) Club in Barons Court. There you can expect to pay between £345 and £595 per A Level per term (£200 to 34O per GCSE) without accommodation.

Collingham Tutors' Gilly Green told me about its new "special branch", Collingham Tutors GCSE, recently opened in Kensington's Queensgate near the great museums. This concentrates on GCSE, taking 14, 15 and 16-year-olds in small classes at a cost to fond parents of about £4,000 a year.

Green spoke with some enthusiasm about the GCSE, as do most people in the independent colleges. They say that the emphasis on course work as well as just answering questions on a paper takes some of the stress away from the exam room. And of course, the tutorial systems in the independent colleges are ideal for the GCSE.

And Green admits that most of the young people at the independents have the advantage of coming from middle-class homes. "Successful students in course work get a lot of help from their parents and it helps if they come from homes where books and discussion are part of the furniture."

She also recommends the Easter revision courses for exam students, starting any time now at many independent colleges. These start from mid-March into April and give the pupils intensive study for GCSE and A Levels. Many London institutions are running them – independent and state – and outside London one venue very much in demand is Hertford College, Oxford.

So much for the exam scene. But it is becoming increasingly obvious for parents with the money to spare for independent education that a son or daughter who may not be a traditional gong-winner may still be something rather special. In this area the guide is well worth consulting. worth consulting.

The special colleges cover computer science and cookery, dancing, fine art and photography, secretarial and business studies. A whole feature is devoted to hairdressing as a profession, written by Simon Ellis, general manager of the Vidal Sassoon UK schools. But he gives a warning. "If you want to become a hairdresser in a hurry, there are private hairdressing schools which offer six to nine month intensive courses. But don't expect to walk into a job. You won't get any in-salon training and if you miss any of the course through illness you could find yourself struggling to catch up on such an intensive schedule."

A typical independent college for the young new-tech buff is the London College of Computing and Economics in the City. It offers computing courses for City and Guilds, short one or two-day courses for industry plus part-time and evening courses. Full fees are from just over £1,000 a year and from just over £500 for from three to six months.

INDEPENDENT EDUCATION

Friends for first-time buyers

Revolution in the classroom poses problems for families

THE NUMBER of first-time buyers of independent education increases. Have fathers and mothers from state schools who have done pretty well in life become completely disillusioned about the state system or is it that they believe the private sector, properly used, still gives a better chance of the glittering prizes?

There are all kinds of reasons. They may feel, that the facilities the state offers, maybe in a dodgy inner-city area are just not good enough. They may have embraced a kind of Thatcherite elitism, but whatever the reason, by opting for the private sector, they find themselves in a bewildering maze of choices.

To find a few ways out of the maze, I recommend some bodies and publications that may help. Many parents' minds will be occupied by the GCSE, which, in spite of the cynicism of some traditionalists, has revolutionised the exam system.

The current issue of *Which?* is worth looking at. The foremost consumer magazine has surveyed the GCSE and found, for example, that 55 per cent of people quizzed believe that the new exam is a good way of showing employers how good pupils are, against 24 per cent disagreeing. "There is more emphasis on the environment and social awareness."

In looking for help, parents should not forget the British Accreditation Council for Further and Higher education (114 Chase Side, Southgate, London N14 8PN. Tel 01-886-6559).

An accreditation means that a school or college has been inspected by "an experienced and qualified team of inspectors." The accreditation involves an assessment of the premises and resources of an institution, the qualifications and experience of the staff and welfare provision for students.

In choosing a school it is important to know the experts. Alan Forrest reports

Other useful people to know about include the Independent *Schools Information Service* (Isis). They are at 56 Buckingham Gate, London SW1 6AG, a short walk from St. James's underground station (Tel 01-630-8793).

Gabbitas, Truman & Thring is a famous group giving advice on schools. Its guides, well written and glossily produced, are packed with information. Its new counselling service, by which parents with special problems on school-choosing can have a *one-to-one* session with educational experts, from teachers to psychogists, costs £80, but much valuable information can be obtained without payment.

The move towards more co-education continues. But parents of girls who think a girls-only school would be best could do worse than talk to the Girls' Public Day School Trust at 26 Queen Anne's Gate, London SW1 (01-222-9595).The trust has schools all over the country providing a high standard of education for girls at what are still reasonable fees. Buildings and amenities are of high quality.

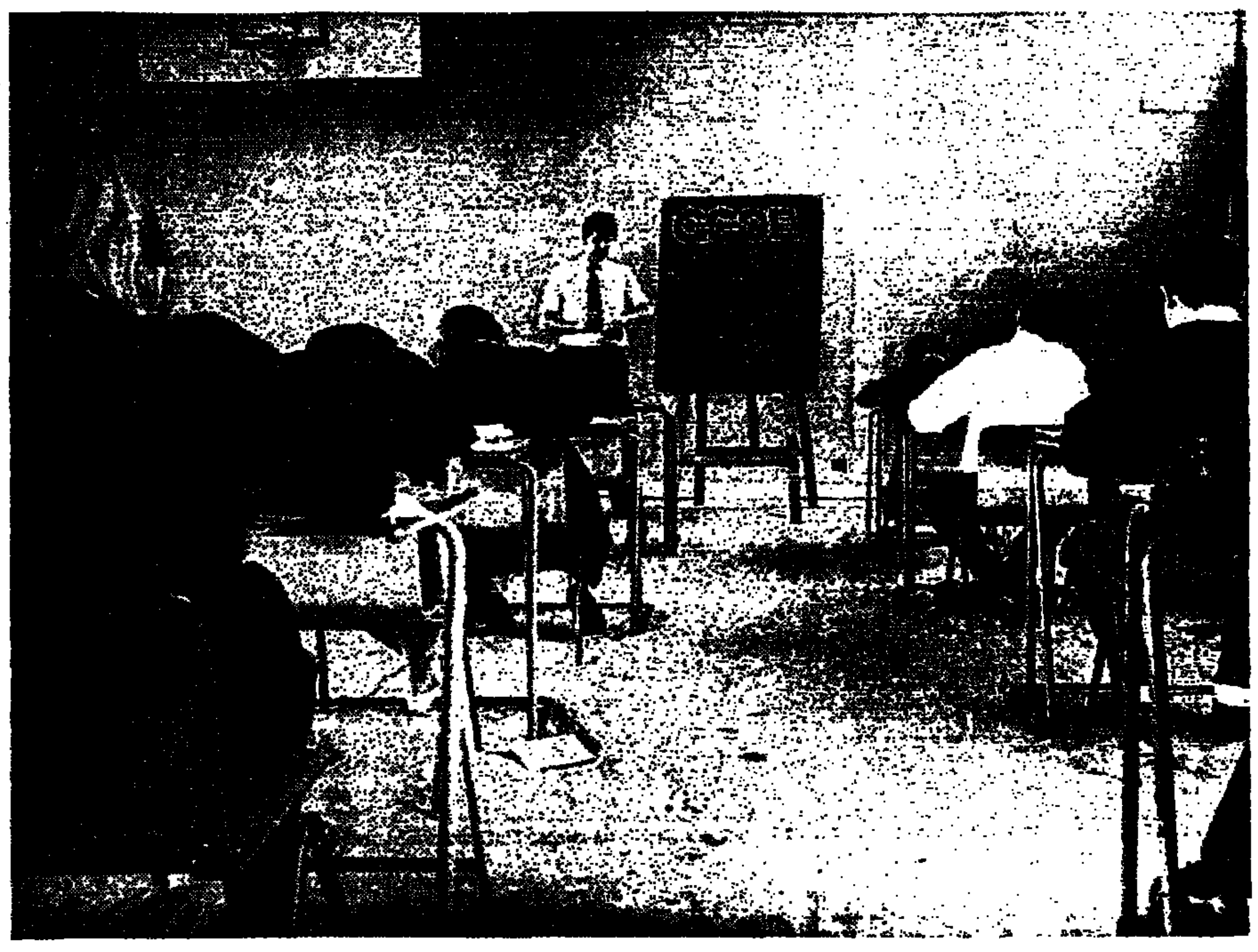
Foreigners requiring advice on studying English in the UK can rely on the Association of Recognised English Language Training Establishments in Britain (Arels-Felco) at 125 High Holborn, London WC1V 6QD (Tel 01-242-3136).

Some people are wanting advice on starters, opting for private education as soon as the offspring can function as articulate human beings. I recommend the third issue of *Prep School*, the little magazine which Anne Kiggell edits for the Incorporated Association of Preparatory Schools (Iaps) and the Society of Assistants Teaching in Preparatory Schools (Satips).

This publication, aimed at parents, teachers and even, I suppose, children is an enjoyable read. The present issue includes impressive founts of information from headmasters and Sir Humphrey Prideaux, former Brooke Bond chairman and chief of governors at a pleasant school at Rottingdean, near Brighton.

But my *favourite* article is one headlined "The Headmaster never appears except in spurs." Written by a former head of The Downs School, Colwall, it recalls W.H.Auden's *time as English master* at the school. It is nicely written and includes some forgotten Auden verses.

There are several pages of prep school sport and book reviews and the annual subscription for the magazine, including postage, is £6. All contributions about subscriptions to John Catt Limited, Great Glemham, Saxmundham, Suffolk, P17 2DH (Tel 0728-78666).



Eyes down for success in the GCSE, a revolution in the exam system

Life begins at three

Daniel Green on the changing world of the prep school

SEVENTEEN CENTURIES ago, Epictetus said: "Only the educated are free." Greek is no longer on prep schools syllabuses, but parents seeking to exercise the freedom that money brings are starting their children ever younger in private education.

The number of three year-olds in the private sector is growing at 7 per cent a year, according to the Independent Schools Information Service (Isis), which is financed by the 1,400-plus schools that make up its membership.

The rate of growth drops sharply with age. There are 5.8 per cent more four year olds and and 4 per cent more five to six year olds arriving each year in pre-prep schools – the umbrella title given to independent "nursery" and "infant" schools. The figure across all Isis member schools is just 1.3 per cent.

Nursery schools as such are not part of Isis. However, such is the demand, schools with older pupils are lowering their minimum age of entry: London's Dulwich College Prep School (fees £635 to £1340 a term), for example, takes children from age three.

Life is not easy for parents in that kind of sellers' market. Some parents also fear the disciplinarian image of prep schools; they want their young to be treated gently. Some hear stories about ante-natal registration for schools (not necessarily denied by head teachers). All worry about cost.

Schools are keen to present a friendly image. Many acknowledge and adjust to changing parental demands. "Parents are getting keener on co-education," says Hugh Davies-Jones, headmaster of St Andrews School in Eastbourne (£1,100 to £1,600 a term, age range: three to 13). "It is cheaper to have brothers and sisters attend the same establishment and more convenient in terms of holiday dates."

The desire to send siblings to the same school has also encouraged a drift away from remote boarding schools towards local day schools. Lichfield Cathedral School in Staffordshire (£500 to £1420 a term, age range: four to 13) has 184 pupils. One third are girls, less than a fifth are boarders and most live within 10 miles.

Pre-prep at Lichfield started in 1978 and has expanded rapidly since then, moving into new premises twice. "To get a place in pre-prep children have to be booked in by the time they are a year old," says Ian Wren, the headmaster. "The main school is being double in size to keep the pre-prep intake down to 50 per cent." Last month the new look pre-prep school was formally opened by Kenneth Baker, Secretary of State for Education.

Few junior schools encourage any sort of specialisation. The exception is religious music. The only way around the year-old rule at Lichfield is if your child has a beautiful voice – singing scholars are taken on merit. Westminster Abbey Choir School (£370 a term, boys boarding only, age range: eight to 13) and Pilgrims' School in Winchester (boys only, £1020 to 1420 a term, age range: eight to 13) are also noted for their musical specialisation.

Parents who see a place in the junior schools as a guarantee of entry into the next level up are rarely disappointed. Apart from the "in" children get, the academic slant to the teaching puts them on track for the Common Entrance exam. Children joining the system late can find it hard to catch up. At Lichfield, almost all pupils stay on from pre-prep. The fees almost double; the only cause of dropouts, says Wren.

Winners of places for vocal skills at Lichfield must be boarders. However, boarders are more usually children of expatriates, the military and, to an increasing extent, of divorced parents.

The "Granny belt" areas of the south coast are popular for boarding. "Parents who live overseas want their children to be in striking distance of another member of the family, often grandparents," says Davies-Jones.

Independent education in cities is a less cosy affair. Competition for entry in London, and to a lesser extent Edinburgh, is so intense that there is little pressure to go co-educational. Schools need not undergo the expense and inconvenience of rebuilding changing rooms and loos to accommodate both sexes when the single sex waiting lists are too long and of a high enough quality already.

More private places are coming available, either through expansion or the opening of new schools, in response to the demand. But the Department of Education and Science predicts a more or less steady increase until the end of the century in the number of pupils attending private primary and under-five schools.

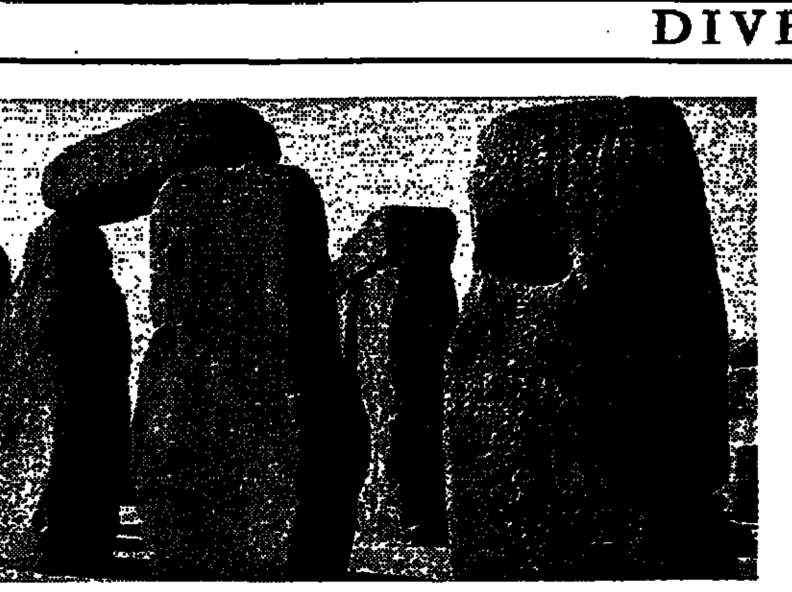
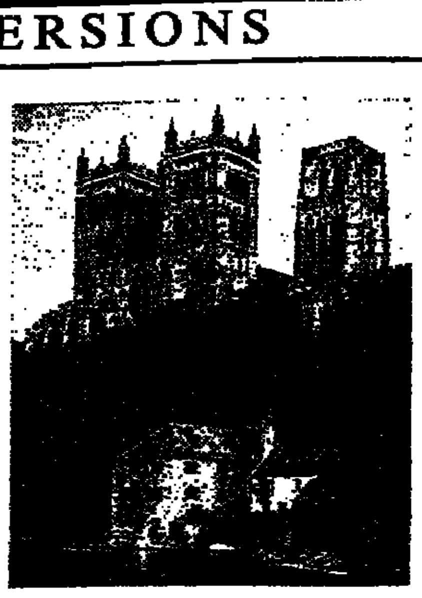
Newlyweds may take some heart in one statistic: the years of slowest growth, and therefore one presumes, gentler competition, are 1990-93. They could also consider moving house. One member of the prep-school establishment singled out Islington for its good state sector junior education.

Although there is no shortage of eager parents, schools are keen to sell themselves. Some produce glossy brochures. Many point out that prep-school values are far from Victorian. "Cold baths are out," says Davies-Jones. "We even have double glazing and central heating."

The grapevine is important, perhaps overly so. Many parents recognise the inadequacy of hearsay recommendations, and the schools agree. Head teachers and Isis are united in their advice to parents. Time consuming though it is, there seems to be no alternative but to visit the schools on your shortlist.

The Isis Guide to Choosing Your Independent School* has a checklist of questions to ask and what to look out for. The consensus is summed up by Anne Kiggell, editor of Prep School magazine and formerly of St Paul's in London. "There is no better way than visiting the schools and see if there is a chemistry with the head. Ask yourself how happy the children are. Happiness has become more important than discipline. It is no longer suspect to have fun, and school is no longer simply for your own good."

**Available from Isis, 56 Buckingham Gate, London SW1E 6AG*


World Heritage sites: top left, Beaumaris Castle in Gwynedd; Stonehenge; Durham Cathedral and, above, Blenheim Palace

The battle for Britain's heritage

***Gerald Cadogan** on a little-understood weapon in the fight to conserve historic sites*

THE BATTLE of Avebury – the Wiltshire village with a prehistoric site threatened by a theme park – has highlighted a new species in the conservation zoo: World Heritage sites.

We have had these since 1986, but hardly anyone understands what they are. Yet, in the Avebury dispute, World Heritage status proves a powerful weapon for the army of enlightenment.

It also gives the Government a real chance to show its sincerity in subscribing to the World Heritage Convention. What sites in Britain are stamped with cosmic significance? Can our present very local arrangements – the planning committees of district councils – look after them properly?

The 1972 convention, a child of Unesco and the International Commission on Monuments and Sites (Icomos), is the core of the scheme. It instituted in Paris the World Heritage committee and the World Heritage fund.

The committee keeps the list of places that are the very best of this world's achievements and of its beauty, natural and cultural. A country that ratifies the convention submits to Paris its own list of World Heritage candidates, and makes an annual payment to the fund (Britain's is a surprisingly – if not scandalously – small £63,000 in 1988-89), which goes to help World Heritage sites mainly in less developed countries.

Britain did not ratify until 1984. Icomos (UK) proposes submissions. The Department of the Environment makes them, and the Countryside Commission, the Nature Conservancy Council, English Heritage, Cadw (Welsh Historic Monuments), the Scottish Development Department and the DoE Ulster prepare them. The Foreign Office also has a say.

Thus, in issues that may need sensitive taste and judgment, bureaucracy reigns. In Paris there is more of it. Yet it is right that sites of World Heritage importance should endure any number of tests and checks, provided the Heritage status helps them in the end.

A candidate's first criterion is that the place must be unique. It must be not just any cathedral, but the truly special one. Durham, for instance, had the first rib vaults in Europe, and Canterbury was one of the great places of medieval pilgrimage, where St Augustine brought us Christianity and Becket was murdered.

At Ironbridge in Shropshire the Industrial Revolution began. Stonehenge and Avebury are the best prehistoric monuments outside the Mediterranean. Gwynedd's castles and Hadrian's Wall are superb examples of medieval and Roman perimeter defence. St Kilda, off the Outer Hebrides, is a mixed site, combining an anthropologically unique village that survived until recently with its own self-balancing microclimate, and its own species of sheep, wren and rabbit.

Next, the committees look at how the sites are managed and maintained. You cannot produce a virgin site as a candidate. This criterion may work against sites under threat, as it did to the suggestion of the Settle-Carlisle railway. But it emphasises that, to qualify, the site must already be officially recognised and well looked after.

Here the various existing conservation labels count. Is the site listed (grade I or II*)? Or a Scheduled Ancient Monument? Or a Conservation Area? Or a Site of Special Scientific Interest? Or an Area of Outstanding Natural Beauty? Might it straddle the nature/culture divide, as does the Lake District, combining beauty with a leading role in our artistic and literary history? If that is the case, the criteria for choosing the site and the responsibilities for looking after it need to be made more precise.

What new World Heritage sites may we expect? Possibilities range from the Lake District to the world's first train sheds, by Brunel, at Bristol Temple Meads, and his line to Paddington.

Another candidate is Orkney, with its great Neolithic circles and tombs. It would complement Avebury and Stonehenge, though I hope any World Heritage area will also take in our best early village at Skara Brae and the great St Magnus Cathedral in Kirkwall, Orkney. Other possibles are Cambridge colleges and the Backs; Telford's bridges in North Wales; and Robert Owen's model industrial village of Lanark.

Further ahead, the tentative list has Chatsworth, Salisbury Cathedral, the Forth Bridge, Rievaulx Abbey, Oxford colleges, and Gibraltar with its fine range of 18th and 19th century barracks and batteries. What a noble parade of unique and world-important localities.

Does World Heritage status help? As of now, the answer is mixed. Yes, of course, as we see at Avebury when it sums up how much it matters. But even there you will find the hint of problems. One is the old dilemma of protection versus populism. Tour operators have been quick to see the potential of the "World Heritage" tag for getting more people to pay to see – and damage – places they might not have gone to before. The result? World Heritage may provoke the opposite of what it intends.

Drawing the lines is another problem. If they are too tight, the site loses its protective setting and becomes endangered. Jane Fawcett, secretary of Icomos (UK), says that it is essential to get out and see where the natural borders are.

That may need the long view. At Cambridge the Backs must be included. At Durham we may see the next World Heritage dispute, where a vast shopping centre is in the offing which will overshadow the cathedral. The lines must include the view, or have some protection of it, as a *zone historique* would have in France. If places are World Heritage important, they deserve space.

Fourteen World Heritage sites have now been designated in the United Kingdom and dependencies:

- **Avebury, Stonehenge and surrounds**
- **Bath**
- **Blenheim Palace**
- **Canterbury Cathedral, St Augustine's and St Martin's**
- **Durham Cathedral and Castle**
- **Edward I's castles and town walls in Gwynedd**
- **Fountains Abbey, Studley Royal and St Mary's**
- **Giant's Causeway and coast**
- **Hadrian's Wall**
- **Henderson Island, Pitcairns**
- **Ironbridge Gorge**
- **St Kilda**
- **Tower of London**
- **Palace of Westminster, the Abbey and St Margaret's**

Can our present system cope, in which the district council or metropolitan borough makes the primary decision? Yes, said Lord Hesketh for the DoE in a recent debate. "The Government do not consider that there is a need for special guidance for local planning authorities."

No, says Fawcett. The system might work if the DoE called in all applications involving World Heritage sites, but that is an untidy method. Avebury shows the limitations of the present system. It is one World Heritage site, affected by three separate planning applications to Kennet District Council. There has already been one public inquiry; two applications have been called in by the DoE; we may expect another inquiry, and probably two. They are very expensive for everybody.

What we need is a World Heritage Sites Act, so that all such applications go automatically to the DoE. That would give the sites the special protection implicit in the Government's ratifying the convention. Having taken the trouble to propose these sites to the rest of the world, it must show that it means what it agreed to. (A larger payment to the World Heritage Fund than £63,000 would help credibility here and abroad.)

The system we have now is costly, cumbersome, slow and half-hearted. These are matters too serious for party politics. World Heritage status and the local district council are fundamentally incompatible.

That will come as no surprise to all who have watched the backwards and forwards oscillations of the DoE in planning matters. Here is a chance for Nicholas Ridley, the Environment Secretary, to show that Conservatism is about conserving.

■ On Avebury. Since our article on February 4, the DoE has called in the West Kennett Farm application for a hotel, and Kennet District Council has refused seven applications by Ken King at Avebury Manor.

It has also issued 17 enforcement notices against unauthorised works (such as the now finished greenhouse) and listed building demolitions, and is requiring him to remove the works and restore the land to its original condition. Prosecution follows on the demolitions. Lord Montagu of Beaulieu announced that English Heritage is preparing its own master plan for Avebury, and FT readers from all over the world have given generously to the National Trust's appeal to buy the surrounding landscape.

Bridge

TODAY'S hands both come from rubber bridge. The first was dealt by South at love-all:

N
♠ A 6
♥ J 9 4
♦ 6 5 3
♣ K J 9 8 2

W
♠ 10 5 4
♥ 10 8 5 3
♦ 10 2
♣ 7 6 4 3

E
♠ K J 7 3
♥ K Q 2
♦ Q 8 7 4
♣ A 10

S
♠ Q 9 8 2
♥ A 7 6
♦ A K J 9
♣ Q 5

East opened the bidding with one spade and South overcalled with one no-trump. North, with nine points and a good five-card suit, raised to two no-trumps and South carried on to three.

West led the four of spades. The declarer played dummy's six, the king won and East at once returned the three – it was essential to remove dummy's only entry which could aid the establishment and enjoyment of the club suit.

South realised that this entry must be put to good use, so he led a diamond and finessed his knave. When this held, he switched to the queen of clubs. West dropped the seven to show four cards in the suit and East correctly withheld his ace, correctly.

South now cashed his diamond ace and, when West produced the 10, cut adrift with the five of clubs. Taking his ace, East returned the seven of spades. This was taken by the queen and South played his nine to the knave.

East was endplayed. He decided to lead the eight of diamonds, South took with his nine and cashed the king. Now came the crucial play: South led six of hearts, West played low, and dummy's nine was finessed.

East took with his queen and found himself endplayed once more. The forced heart return – East chose the two – ran to the knave and the heart ace was South's ninth trick. Good card-reading and timing.

The second hand occurred a few days ago:

N
♠ A J 9 2
♥ Q 10
♦ A Q
♣ 10 9 8 6 2

W
♠ 3
♥ 8 7 6 5 2
♦ J 6 4 3
♣ K 7 4

E
♠ Q 6 4
♥ K J 3
♦ K 10 9 8 2
♣ Q J

S
♠ K 10 8 7 5
♥ A 9 4
♦ 7 5
♣ A 5 3

North dealt with East-West game and bid one club. East passed and I, in the South seat, said one spade and went four spades after a single raise from my partner.

West opened with the eight of hearts and this was covered by 10, knave and ace. Prospects were not bright – two losers in clubs, one in hearts, and a possible loser in spades and diamonds. The lazy way is to play for 2-2 trumps and rely on the diamond finesse, but I decided to feel my way without touching trumps at this point.

I returned a heart to queen and king and East switched to the queen of clubs. After some thought, I saw the chance of an endplay. I won with my ace, played my nine of hearts (throwing dummy's queen of diamonds) and cashed the diamond ace.

Crossing to my spade king, I ruffed my losing diamond in dummy and led back the six of clubs. East took with his knave – I was playing for him to have queen and knave doubleton – and was endplayed. He was forced to give me a ruff discard by a diamond return, allowing me to dispose of my club loser, while dummy ruffed.

The spade ace was my 10th trick. If East has a third club, West will have to win with his king – he cannot unblock – and he is endplayed.

I was perhaps lucky, but I enjoyed it.

E. P. C. Cotter

Wine

Pick of the bunch

***Edmund Penning-Rowsell** – and 1,849 others – judge the offerings at a major Paris fair*

THE FRENCH are great exhibitionists. They are great supporters of the wine and food fairs that cover the country each year, and the greatest is on this week in Paris, in the vast exhibition centre at the Porte de Versailles: the Concours General Agricole and Salon International de l'Agriculture.

It was opened on Sunday by Agriculture Minister Henri Nallet and by the time it closes tomorrow it will have been visited by about 1m people. It is the occasion when the farmers of France come to Paris, and it covers every form of agriculture and domestic animal life.

It is also France's biggest competitive wine show, the summit of provincial displays – of which those at Macon, Orange and Blaye are the most prominent – and where medals are awarded by independent professional juries. The two that count most are Macon and Paris; winners of gold, silver or bronze medals get good publicity and business and may affix suitably inscribed labels to their bottles.

The Paris show is not, however, for the great wines, but mostly for the middle ranks, the small growers and particularly for the co-operatives. However, it includes some growers and merchants whose wines are well-known on the international market.

This is the Paris Concours' 98th year. The run-up is strictly organised, with careful pre-selection. Twenty-five regional selection committees represent growers, the co-ops, local merchants, together with administration officials, members of Institute National des Appellations d'Origine (INAO) and the Repression des Fraudes.

This year they examined samples from 10,000 growers, whose wines have been passed on by the local growers' syndicates. To ensure that the contestants are serious producers, private entrants had to have minimum stocks of 100 hl of red wine and 50 hl of rosé and white wines, and the co-ops 1,000 hl of red and rosé and 400 hl of white.

Few, if any, of the more than 300 appellations controlees (AC), the 60-odd vins delimites de qualite superieur (VDQS) or the over 100 vins de pays are unlikely to have missed the opportunity to compete. They included such little known denominations as the Coteaux Toulois and the Cotes de Giene, both of which won gold medals, and the Vins de Pays d'Allobrogie (in Savoy) that secured a silver.

Exactly 4,801 wines survived the pre-selection, and sample whole bottles were sent to Paris for their labels to be covered by anonymous, numbered green ones. They were tasted blind by no fewer than 1,850 members of a jury divided into groups of four round small tables in the hall. They included growers, members of the trade, sommeliers and a handful of foreign visitors, of whom I was one. Each region or district was confined to the wines of a single vintage: 1987 for red bordeaux, 1986 for Cote d'Or reds, 1988 for beaujolais and 1988 for Alsace and the lesser whites, but 1987 for the bordeaux and burgundy whites.

I was on one of several tables assigned to the entries

from the Haut-Medoc. My companions included a grower from Montagne St-Emilion, a broker from the Entre-deux-Mers and a Paris restaurateur from the smart 8th arrondissement. We had up to 11 wines to taste, but the number varied with the number of entries.

I was surprised by the depth of colour of most of the wines in a generally moderate Bordeaux vintage. I was in a minority for the one selection as best, and therefore a candidate for a gold medal, but we were all agreed on the recommendations for the silver and bronze. Perhaps they included the well-known crus bourgeois, Coufran and Verdignan, that won two of the seven golds awarded to the Haut-Medocs, along with five silvers and five bronzes. But their identities were never divulged. The final award decisions were made by a "super-jury."

Altogether Bordeaux won 121 golds, 142 silvers and 122 bronzes. The Burgundy total was 51, 83 and 36 and Alsace 62, 52 and 29. The totals for the whole Concours were 607 golds, 702 silver and 501 bronze, so over a third of those whose samples reached Paris received an award.

These included such names to be found on British wine lists as the Turckheim co-op in Alsace for its Sylvarex (gold); Moreau of Chablis for Grand Cru Le Clos and Valmur (golds); Joseph Drouhin of Beaune for Chambolle Musigny Amoreuses and Clos Vougeot (golds); Delorme for his red Givry and white Rully Renarde (golds); and Bouchard Pere et Fils for Volnay Chanlins (silver).

This and the agricultural contests are the professional part of the show, but the biggest and most crowd-drawing section includes the stand of the departments and regions of France and a series of aisles in which the immense variety of French wines are displayed for tasting and purchase. The stand-holders are co-operatives, merchants with an assortment of mostly minor wines from various districts and growers who emphasise that they only sell their own wines.

The stand of the office Viticole de Sauternes et Barsac was decorated with bottles of Yquem and Climens, but a more likely sale was the blended brand Terre Noble. Some of the most active stands were those of the numerous co-ops, including a very big Beaujolais one. But the style of marketing was relaxed rather than raucous, with family parties encouraged to taste, buy and perhaps return every year to lay in a case or two.

It is a matter of pride with many French urban dwellers to have "a little supplier in the country." One stand-holder offering Bordeaux petits chateaux totally unknown to me said that he had been at the show for the last 20 years. Near by were the Vignerons Foreziens, a small cooperative of the obscure VDQS Cotes de Forez to the west of Lyons. They were hoping to exceed last year's takings of FFr80,000 as well as to make new customers. (Bordeaux Direct of Reading sells their Gamay red in the UK).

Paris and wine fairs elsewhere provide opportunities to develop the mailing lists of those engaged in "vente directe." Higher in the social wine scale was the stand of the respected Pommard house of Parent, where I was told they sell about 6,000 bottles every year at the Concours, including those of at least medium price. With bottles open on every stand the temptations to taste were evident; but in the overcrowded, over-warm first Sunday afternoon, I noticed no-one who over-indulged.

Eating Out

Hotels that lack nothing

IN TRYING to win customers back to their dining rooms, hotels and hotel chefs start with two distinct advantages.

The first is that they do not stand or fall by their culinary reputation or by the profit margins they manage to squeeze out of the restaurant and wine list, matters of financial life or death to the chef-proprietor.

Secondly, an hotel has usually far more resources for wooing back its customers than any individual restaurateur and can use them in all sorts of different ways – subsidised special menus, an aggressive advertising campaign, a wine cellar full of gems, or a tie-up with a foreign chef, either on a temporary or permanent basis.

A liaison with a top French chef has worked wonders for *Le Meridien on Piccadilly* which has risen phoenix-like from the ashes since its disposal by Guinness. A talented Englishman, David Chambers, resides as executive chef and can call on Michel Lorain from Joigny as a consulting chef who visits five times a year.

They now offer a particularly good value lunch (£19) and dinner menu (starting at £24.50 for four courses) in the extremely *soigné* Oak Room. This arrangement does mean, however, that you can be faced with two chefs inquiring at the end of the meal if everything was to your satisfaction.

Other hotels have put their culinary reputation in the hands of others on a more temporary basis by inviting top chefs to come and cook in their restaurants for just a week or so. Even Browns Hotel – better known for its teas than its dinners –(after all, it is Trust House Forte) brought over Michel Guerard from Eugenie les Bains in late 1987. This policy is, of course, a total anathema to the philosophy of the chef-proprietor and does not happen in any other field.

Can you imagine another industry in which the managing director flies around the world and runs a similar business for a week at a time? For the consumer, however, there is an opportunity to taste some very individualistic cooking without leaving Heathrow. These visits have not been missed by the professionals – on one night Guerard was cooking for at least two of London's top chefs.

The most economical of all these visits – for the consumer anyway – may prove to be that of Stephanie Alexander, from Melbourne, Australia, who will be cooking at the Four Seasons restaurant in the Inn on the Park from March 13 to 18. Not content with bringing herself, and her sous chef, for authenticity, she also plans to fly in some of the local delicacies which make a visit to her restaurant so special: langoustine-like Queensland Moreton Bay bug tails, Tasmanian ocean trout, King Island rock lobster and Victorian lamb.

Dinner will cost about £35 a head, and the menu has a small but well-chosen Australian wine list alongside it. Two of the wines, Rothbury Hunter Valley Semillon 1987 (£16 per bottle) and Brown Brothers Liqueur Muscat, a dessert wine at £2.50 per glass, are uniquely Australian.

The Inn on the Park's nearest rival, in terms of commitment to its dining room, is in fact just across the taxi rank at the Intercontinental Hotel. Last year it refurbished its main restaurant, Le Souffle, and together with a marketing company introduced the Quadriga Club to attract new customers and to reward frequent diners with a worthwhile discount.

It proved so successful that membership was closed at the hoped-for 3,500 within three months but will reopen again in May 1989. The fee for the forthcoming year will be £85, for which you may eat 12 times in either the coffee shop, nightclub or restaurant and, as long as you eat there in tables of two or more, one meal on each occasion is free (excluding wine or drinks). As the lunch menu is £22.50 and the dinner menu £36.50 membership pays for itself after four lunches or three dinners and is, surprisingly, transferable.

The attractions of Le Souffle are not, however, limited to this club or its decor; it exudes an air of calm and professional ease. Much of the credit for this must lie with the chef, Peter Kromberg, who has been in charge for 14 years and manages to combine good taste and an eye for presentation together with great discipline and organisational ability. These two last qualities are rare in many chefs but essential here in a kitchen capable of producing 800 individual souffles at single dinner.

These strengths are just as obvious in the lunch menu. A good thick soup of Jerusalem artichokes and leeks was almost transformed into a meal on its own by the addition of scallops, while a roulade of marinated salmon and Dover sole was topped with sour cream and caviar. This commitment to quality and presentation was carried through the rest of the meal and also to the wine list where credit, in this instance, must be given to the food and beverage manager. A Cruover has been installed in Le Souffle's bar and, unusually, made to work so that serious wines can be enjoyed by those who do not want to drink serious amounts.

With our lunch we were able to try two different white wines, a 1983 Graves and a 1985 Premier Cru Chablis togetherwith two 1979 red burgundies, a Volnay and a Beaunes Teurons for about £28, no more than the price of a single bottle of similar quality. All were served at the right temperature and in glasses so fine that at home you would never dare use them.

Le Meridien, Piccadilly, London W1, 01-734-8000. Inn on the Park, Park Lane, London W1, 01-499-0888. InterContinental Hotel, Hamilton Place, London W1, 01-409-3131.

Nicholas Lander

HOW TO SPEND IT

Biking brokers live life in the fast lane

*What's the most fun you can have with your clothes on? Get yourself a motorbike, says **Peter Knight***

ENGLAND'S new cricket supremo, Ted Dexter, and Malcolm Forbes of *Forbes Magazine* do it. So do City stockbrokers Peter Sich and John Clarke. Even Hubert Chesshyre, a Queen's Herald, enjoys what multi-millionaire Micky Most says is the best thing you can do with your clothes on. They ride big motorbikes.

"You see more, feel more, hear more. It's the closest thing to flying most of us will ever get," says Clarke, managing director of stockbroker Svenska & Co., who has a 136 mph Kawasaki K100 RT.

His morning commute from Holloway to the City, at considerably less than the machine's maximum speed, takes just 12 minutes. At weekends, he forgets market trends and dons his official helmet as a British Motorcyclists' Federation examiner to shepherd trainees around the dangerous streets.

"With proper training and common sense, motorbikes are no more risky than any other form of transport. But idiots die early," warns Clarke.

And there are plenty of idiots about. Most steam through London with Something Despatch emblazoned on their backs and a grim determination to break their mothers' hearts. Their quest to destroy family life, trample pedestrians and scalp U-turning taxi drivers has given motor-cycling a bad name.

This could change. While still comparatively high, the number of motorcycling deaths is on a downward trend. In 1986, for example, it was 762; the following year, there were 39 fewer. Dramatic changes in the laws governing riders' licences and increased emphasis on training have improved the motorcyclist's chances of keeping alive. (see How to get a licence box for details).

The image is moving away from Hell's Angels to something more acceptable, thanks to what the Americans call rich urban bikers, or RUBs. These are successful professionals who fantasised about owning big bikes when young and poor but are now rich enough to afford a £10,000 Harley-Davidson and old enough to ride the monster sensibly.

The older you get, the less likely (statistically) is your chance of dying on a bike. The vast majority of motorcycle accidents in the UK involve people under 24. In 1986, only 10 per cent of rider casualties were among those aged 30-39. But, compared with car passengers, bike riders are still eight times more likely to be involved in an accident and 40 times more likely to be killed or injured seriously.

Danger is part of the allure for some. For others, though, there's a whole lot more. "It's a lot of fun, you meet a different sort of person and it's a darn sight quicker than anything else," says Clarke.

He used to be a doctor and spent time in an accident ward, patching up many mangled motorcyclists. He swore never to ride a bike himself but, after struggling through traffic to get to work, decided to get one and has never regretted it. He even allows his 17-year-old son to ride. Now that inspires confidence: nearly half the serious bike accidents involve 16/19-year-olds riding mopeds.

Camaraderie among big bikers is a strong attraction. "There's a tremendous sense of fellowship among riders. Even in London, people give you the nod when you stop at traffic lights. Motorcyclists are not outlaws, we're exclusive," says BMW-riding Martin Bell, a vice-president at the London branch of Citibank.

Bikers rave about the fellowship, the ease with which strangers talk once astride an oversized engine, and how they help each other when in distress. "As long as you ride something vaguely interesting, everyone wants to know you," says Kawasaki-owner Sich, of Parrish Stockbrokers.

For City riders, the overriding reason for risking death on the road is the convenience of getting there quickly and avoiding cattle-truck public transport. Chesshyre, who is based at the College of Arms near St Paul's, uses his Kawasaki to get him to work and then to lectures around London. "Some think it's a bit eccentric, but it really is so convenient."

But, of course, bikes provide unadulterated fun: wind in the face and power, power, power. "The thrill never wears off," says Bell.

Sich adds: "The reality is even better than the fantasy." He admits that there is also an element of machismo. "One can become terribly narcissistic. When you're riding down a street with a lot of plate glass windows, you can't help looking at your reflection. You can turn into quite a poser."

AT FRIDAY'S close, Martin Bell leaves his seat at Citibank's forwards desk in the Aldwych and puts in a few hours fly-fishing in Wiltshire before sundown. Weekend motorway traffic is no problem thanks to his BMW R100GS, a chunky yellow and black monster that is the closest the German motorcycle-maker comes to producing a trail bike.

"I just couldn't put up with public transport. Bikes get you there quickly, they're easy to park, and you don't arrive at work looking any worse than the others. On a rainy day, my colleagues who walk from Charing Cross station get far more wet than me."

He thinks his bosses see him running a greater risk by using a bike but he doubts if it will affect his career. This is his third big BMW and he intends to keep riding. "It can be very dangerous, but I've been on bikes for 12 years and I've had only one accident."

IT'S DIFFICULT getting a licence to ride a big bike because the law restricts learners to machines under 125 cc. Most car drivers are allowed to ride these small bikes as a learner for two years. During that time, a two-part test has to be taken before they are allowed to ride anything bigger.

There are plans to change the law, with an increased emphasis on training. These restrictions will be introduced when parliamentary time is found to amend the Transport Act.

Experienced motorcyclists emphasise the need for training before and after taking the tests, especially learning how to control the bike and anticipate other drivers' mistakes. There are three options:

- Private schools — such as CSM, which has bases in Chelmsford, Colchester, Harlow, Southend, Wimbledon and Wembley (tel. 0245 359-478) — offer training from learners through to experienced riders.
- The Star Rider scheme is run in conjunction with many local councils (tel. 021 742-8408).
- The British Motorcyclists' Federation, a group that lobbies on behalf of bike riders, also runs courses (tel. 082571-2896).

Cool clothes for chic kids

Lucia van der Post on the UK debut of a famous fashion line

WHEN MY children were small I used to drool over the way the French children used to look so effortlessly chic while desporting themselves on Breton beaches, while I had to search high and low for clothes with even a fraction of the panache.

These days the chains are much improved, with Marks & Spencer, Boots, Mothercare et al providing a lot more chic for the money. Those who long for some real Gallic chic without paying the kind of prices that Daniel Hechter, Baby Dior and so on demand will be pleased to here that that most Gallic of the childrenswear retailers, Jacadi, is opening over here on March 17.

Acquired by Storehouse last December, the first three boutiques will open at Marble Arch, Kingston and Bristol. Each will carry the same range as Jacadi's 250 boutiques in France. For those unfamiliar with the Jacadi style, it was started by four colleagues who had once worked for Daniel Hechter and had been closely involved on the Hechter childrenswear ranges. The collection offers a Gallic version of *le look Anglais* — sweet little smocked dresses with white collars for girls, preppy cardigans and buttoned-down shirts for boys.

It includes lots of navy-blue, tartan and the nice long Bermuda shorts for boys that I used to long to buy for my own son when he was small. In France Jacadi has been a huge success and I suspect it will get a huge welcome here. Gallic service is promised — everything beautifully wrapped in boxes and beribboned, with balloons and bonbons for the mini-customers.

Pleated Bermuda shorts in tartan seersucker, £9.50 - £10.95, depending upon the size (from aged about two - 10). Short-sleeved cotton T-shirt in many colours, £2.95 and £3.50. Cotton sweatshirt cardigan in navy blue, ecru and red, for sizes two - 10 years, £14.50 and £16.95.

A brush with the experts

ALL OVER the country the great house-decorating, house-improving game is underway. For the very rich, it is easy. You call in the experts and they do your bidding. A little marbling here, some swathing there, a little restoration on the side. But what about those who aspire to the grand effect without grand incomes? They learn to do it themselves, that's what they do if they've got any gumption. Here, Lucinda de la Rue has a go at joining the decorating set and sets out to learn two new skills.

■ *Decorative Paint Finishes with Deborah Wolverson.*

Armed with my notepad and pencil and a convincingly paint-spattered apron, I ventured down to the basement of the Lavender Hill Studios where Deborah Wolverson was holding one of her interior design workshops. I could have chosen a day course in china mending, curtains and tie-backs, stencilling or Christmas decorations — all of which would have been very useful, I'm sure — but when faced with the application form I had somewhat rashly opted for "Decorative Paint Finishes."

I was regretting my decision as I rang the bell. The door opened to a professional smell of paint and I was introduced to Mr Smith and Mr Smith's mate, who were property developers, Mr Fernandez, who ran a firm of interior designers, and Mrs Duncan, who had done this sort of thing before. Why had I — for whom DIY stands for "Don't Involve Yourself," who can't draw a straight line, and who has no colour sense — why had I decided on this course? Too late now to change to Christmas decorations, Sally Jubb, our tutor, was already underway.

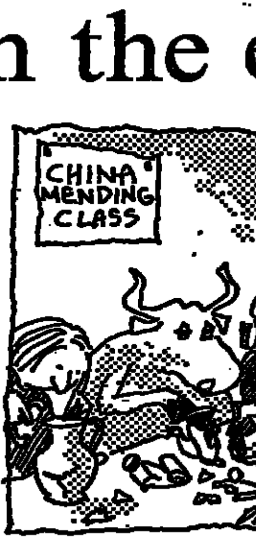
We began with lots of useful stuff about brushes, paints, the preparation of surfaces and the mixing of glazes. I diligently took notes and began to feel a bit happier — so far I had understood it all. But my heart sank at the thought of having to put it into practice. I was handed my board and a foreign looking paintbrush — I held back. "After you," I said, politely but there was no getting out of it — I had to have a go. Tentatively I put brush to board, paused to admire the stroke, and then made another. It was fun and — dare I say it — quite easy. I had a bash at ragrolling, and then stippling, and with every stroke my confidence grew. Nothing to it. Where, I wondered was a modern Sistine chapel?

Half-time came as a surprise. I was enjoying myself and was loathe to break for lunch, but lunch was delicious and came with wine which launched me into the afternoon's work with extra enthusiasm. My attempt at dragging looked just as good as Mr Smith's, and my marbling was certainly better. The class finished at four with lots of questions and much mutual admiration. It was thoroughly enjoyable and I discovered that decorative paint finishes weren't so difficult after all. No wall in our house is safe.

If we lived in a stately home it might be different but I feel quite confident that I am now adept enough to tackle our modest walls. The preparation is the boring bit and messy too, so I might encourage my husband to don his painting overalls and do the hard work first. I'd opt for ragrolling which requires less of a steady hand and level head than the other finishes, and where teething problems would not be so obvious. But my ropey kitchen units and small pieces of junk shop furniture have not escaped the sponge and they look much better for it.

Deborah Wolverson runs her day courses during the school term from 10 am to 4 pm. The course costs from £50 to £60 and includes materials.

For an application form write to South Bank Workshops, 14 Wilkinson Street, London, SW8.



■ *China mending with Caroline Barkes*

Day 1. This was very serious stuff and hard work for a weekend. It was a good thing I wasn't late for the roll-call because the three of us were at our desks, pen in hand, at 10 am sharp. We were given full notes, intensive lectures and demonstrations, and then after lunch it was on to the practical stuff — removing old rivets and unsticking badly matched china. We learnt to stick shattered pieces together again and how to remove stains. All very rewarding, but it would have been even more so had I remembered to bring remnants of my own precious pieces.

Day 2. I hardly dared breathe over — let alone touch — my previous day's efforts for fear they fell apart. But I needn't have worried, for there they were, still in one piece and ready to be cleaned for filling, sanding and, later, painting.

Sunday was given over to putting into practice what we'd learnt the day before. We were left much more to our own devices which I found more difficult. We touched on remoulding and repainting, mixing paints and matching glazes. Although I wouldn't like to tackle a piece of Sèvres I can do simple, fairly crude repairs. I'd be happy enough to stick my cereal bowls back together again but if it were an heirloom I'd still have to leave that to the experts. Nonetheless, I felt I had got what I wanted out of the course — I walked away with a starter pack of materials for under £25, together with sufficient notes and knowledge to be able to mend my ordinary bits and bobs.

A quick calculation revealed that at my normal rate of breakages, the weekend course (cost £110) was cheaper than having my broken china repaired by a professional. Should I change my mind, or should I fall on good times and inherit a fragile heirloom, I know that I can take up again from where I left off by joining Caroline's advanced course on the history of beautiful porcelain, and the best way to preserve and restore it.

The course runs from 10.00 am to 5 pm on both Saturday and Sunday and there are also midweek courses lasting from two days to five covering a variety of restoration problems such as oil painting conservation, gilding, furniture repairs, picture frame restoration, clock maintenance and the like. Further details from Caroline Barkes on 01-731-1356.

Cookery

Bake for us this day our daily bread

***Philippa Davenport** rediscovers the simple pleasure of loaves fresh from the home oven*

WRITING LAST autumn about focaccia, the salty olive oil bread of northern Italy, reawakened my appetite for baking. I had not made bread for a long while and had forgotten how easy it was, and how rewarding. As a result, I am hooked once again on the greedy pleasures of making and eating bread and reaping the compliments it draws from those gathered round the table.

Bread-making has always been a branch of cookery apart from the rest. Bread is such basic, timeless food, and the smell of a warm, yeasty kitchen is so potently emotive. Now, bread is shedding its mumsy and homely image. It has the stamp of healthy eating on it and is fashionable, too.

Italian bakers and other specialist bread shops have sprung up in our cities and smart restaurants are wooing their customers with bread. Once, *amuse-gueules* were put on the table to nibble while you pondered the menu. These days, you are likely to be offered instead a basket of handsome and deliciously flavoured fresh-baked breads.

This, surely, is an idea worth copying at home although I recognise that surprising numbers of (otherwise good) home cooks feel daunted by the prospect of bread-making. I remember that I was nervous once. Why is it that the myth persists that bread-making is a difficult and time-consuming process? In reality it is a straightforward craft, calling for no particular subtlety or skills — unlike pastry-making, for example, where success depends on acquiring a certain lightness and delicacy of touch. The dough does take time to rise, it's true, but you don't need to hang around while it rises any more than you need to dance attendance on a casserole while it cooks. As for kneading, there are no sacrosanct rules about how this should be done. Just punch, biff, stretch and pull the dough any old how to show it who is boss.

Some cooks profess to find this therapeutic, others find it a bore. Most modern cooks avoid it, handing over the labour to a food-processor or mixer which does the job with admirable efficiency and speed. (The only thing you DO need to worry about is staying within the dough capacity of your machine.)

The other great breakthrough of recent decades has been the advent of fermipan, or easy-blend, yeast. This mixes directly with the flour, enabling you to bypass the traditional 10-minute wait while fresh yeast or the conventional dried sort turns frothy in warm liquid. I buy a brand called Harvest Gold: unlike its rivals it doesn't contain so-called bread improvers, additives which strike me as quite unnecessary to a good, honest loaf.

Nutritionists advocate the use of wholemeal flour for the sake of good health. I agree that it is the sensible choice when baking our daily bread; but for flavoured loaves for occasional eating wholemeal has, perhaps, almost too much character. Strong, white bread flour provides a gentler background note which shows off such flavourings as walnuts and olives particularly well.

I look for the word "unbleached" on the flour bag label; if it is absent, the flour is whitened chemically. I avoid brands that include flour-improvers, and I choose stone-ground for preference. Stone-ground flour is, so to speak, the farinaceous equivalent of virgin oil, pure and expensive, ground the traditional way between stones, not modern steel rollers, so it retains more character and nutrients.

Like all good breads, the recipes that follow deserve to be eaten on the day of making; but they retain their fresh-baked appeal if wrapped and frozen as soon as cold after baking.

Breads this good don't need buttering. They are delicious served on their own and I like nothing better than to break off pieces to eat when we sit, talk and share an unhurried bottle of wine or leisurely glasses of pre-dinner sherry. Both breads also go well with cheese.

The walnut bread served with a jug of celery, slabs of farm butter and Cheddar makes a fine variation on the ubiquitous ploughman's lunch. It also combines well with soft curd or cream cheese and ripe dessert pears — providing that you are not pregnant, very elderly, juvenile or sickly, of course — and it is an excellent choice for making water-cress sandwiches. I partner these with cold chicken legs for a packed lunch.

Eliopitta, the Cypriot olive bread, is a natural choice for serving with taramasalata and it makes a welcome change from pitta bread to serve with hummus bi tahini. I recommend it as an accompaniment to roast duck with chicory and orange, and I liked it a lot with the pigeon recipes given in this column recently.

ELIOPITTA

1¼ lb wholemeal or unbleached white bread flour, preferably stone-ground; 1 x 7 gram sachet of easy-blend yeast; 1 teaspoon salt; ½ pt warm water (1 part boiling water to 2 parts cold); 2 tablespoons olive oil; ½ lb black olives, preferably oily and wrinkly Greek ones.

Mix the yeast flour and salt. Add the water and oil and knead to a smooth and elastic dough. Do this using a food processor or a food mixer with a dough hook (and following manufacturer's instructions), or by hand.

Cover the ball of dough with lightly-oiled polythene and set it aside to rise until doubled in size. This usually takes an hour or so in a warm place, 2-3 hours at average room temperature or 8-12 hours in a north-facing larder or other cold room. So choose the spot and aim for a quick, medium or slow rise depending on what suits you best.

Knock back the risen dough; in other words, punch it with a couple of Frank Bruno-like fists to get rid of air pockets and to reduce the dough to its original size. Then, gradually work in the olives, which should be well rinsed and dried if they were soaked in brine, and split open and stoned.

The technique I use, if technique is not too grand a word, is to flatten the dough, sprinkle some olives over one half, fold the dough over and push and pummel it a bit before adding the next lot. The olives may seem reluctant to be incorporated at first, but persist and they will co-operate.

Roll the olivey dough into a ball, flatten it slightly to make a cob shape about 6¼ inches in diameter, and put it onto a lightly-greased baking sheet. Cover loosely with oiled polythene and leave to prove (meaning rise again, so proving that the yeast is still working) for about 45 minutes in a warm kitchen or in the airing cupboard.

Score the top of the loaf lightly with a diamond pattern and bake at 400 F/200 C (gas mark 6) for 20 minutes. Reduce the temperature to 375 F/190 C (gas mark 5) and bake for 20-25 minutes or more until cooked through. When ready, the loaf will sound hollow if tapped on the base. Cool on a wire rack to let the steam escape.

WALNUT BREAD

I have written this recipe briefly. For more detailed descriptions of the various steps, please refer to my introduction and to the previous recipe.

10 oz wholemeal or unbleached white bread flour, preferably stone-ground; 6 oz malted wheat flour (ie, granary) — or, if using white flour, you can replace the granary with wholemeal if you don't like the tooth-cracking qualities of the former; 1 teaspoon salt and a generous seasoning of coarsely-ground black pepper; 1 x 7 gram sachet of easy-blend yeast; 1 tablespoon walnut oil; scant ½ pt warm water (1 part boiling to 2 parts cold); 3-3½ oz walnut pieces (much cheaper than walnut halves and just the job for this recipe).

Using a food processor, food mixer or your hands mix and knead all the ingredients except the walnuts to a smooth and elastic dough. Cover with lightly-oiled polythene and set aside to rise until doubled in size. Knock back, knead briefly and work in the chopped walnut pieces. Then roll and pat the dough into a sausage shape about 11 inches long, like a bloomer loaf.

Put it onto an oiled baking sheet, cover loosely with oiled polythene and prove for one hour or so in a warm place. Score with oblique slashes and bake at 425 F/220 C (gas mark 7) for 35 minutes or so.

Be brave enough to buy unknowns

*This month **Robin Duthy** 'invests' in paintings and pillars. His purchases are on paper only*

AT THE Royal College of Art in London next Tuesday, Christie's is holding its first auction of paintings by "New Contemporaries." I shall be "bidding" for a remarkable five foot by seven abstract by the 22-year-old Claudia Moretti who graduated from Chelsea School of Art last year.

The purpose of the sale is to provide a market-place for young artists not yet linked to a commercial gallery. Christie's is offering 133 works by 25 artists out of the 250 recommended to them by critics and art colleges. Most of the works are estimated to fetch £250-£750.

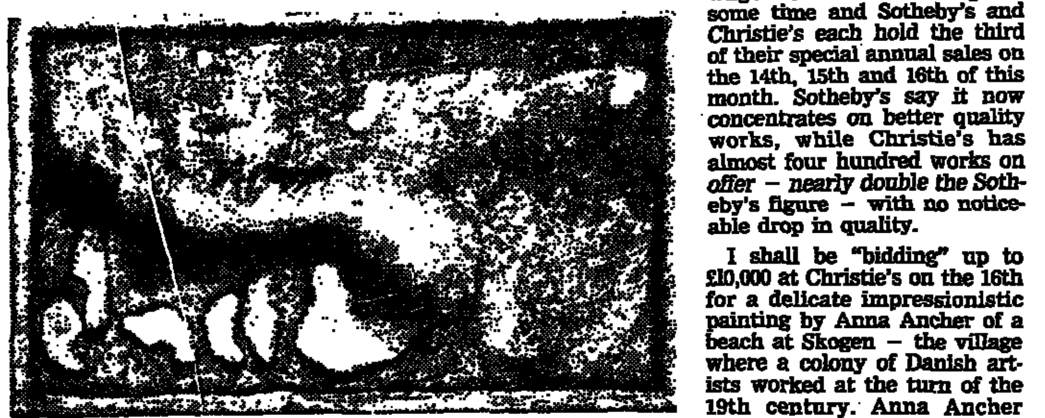
If this laudable initiative works out it should result in benefits all round. The Royal College of Art will share in the proceeds of catalogue sales; dealers will get a free test of each artist's commercial potential; the artists will sell their work; Christie's will get commission and the buyers will be getting paintings by artists whose careers may be on the verge of a breakthrough.

We all wish our great-grandparents had been at the 1875 Impressionists' sale in Paris when works by Renoir, Sisley, and Cezanne were knocked down for £5 to £20 apiece. But would they have had the nerve to bid? For to buy the work of young artists is a high risk business.

Luckily, more and more collectors are now prepared to take a view on abstract art that is both original and strong. There were several artists in the Christie's sale I would like to have bought but the Moretti seemed an altogether remarkable creation. Working in acrylic, charcoal, rust and occasionally debris from the floor Moretti has recreated a scene from her inner world – a mysterious landscape of soft and jagged shapes in a palette of silvery-grey to blue and blackish brown.

For me the shapes call up thoughts of mountains, stones and bones, yet any interpretation of the work is immaterial. The painting has depth and subtlety and seems to allude to a state of the world aeons ago when life was emerging from primeval chaos. But the harmony is disturbed by notes from a more ominous key, containing dark forces that might otherwise break out.

As happens with the best-laid bidding plans I shall set myself a firm limit of £800 beforehand but probably keep going up to £1,000 if I see the painting slipping away from me.

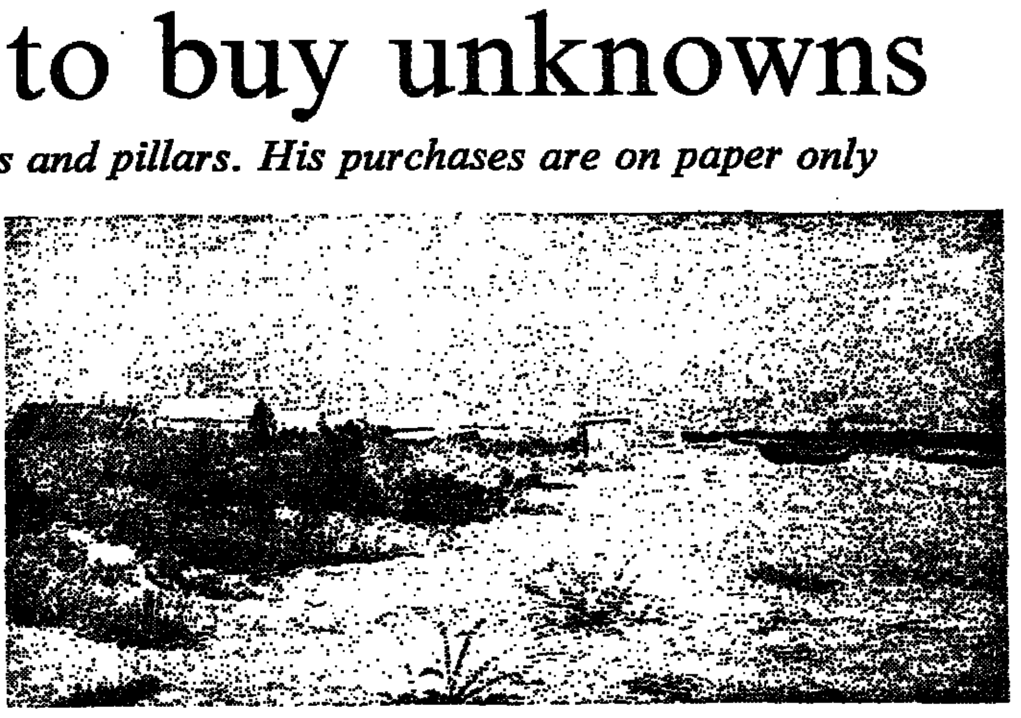


Claudia Moretti's abstract painting in the "New Contemporaries" sale on Tuesday at the Royal College of Art

★

The Scandinavian Art bandwagon has been rolling for some time and Sotheby's and Christie's each hold the third of their special annual sales on the 14th, 15th and 16th of this month. Sotheby's say it now concentrates on better quality works, while Christie's has almost four hundred works on offer – nearly double the Sotheby's figure – with no noticeable drop in quality.

I shall be "bidding" up to £10,000 at Christie's on the 16th for a delicate impressionistic painting by Anna Ancher of a beach at Skogen – the village where a colony of Danish artists worked at the turn of the 19th century. Anna Ancher studied in Paris in the 1880s but her best work was done after 1890 at Skogen where her distinctive style evolved. Prices for Anna Ancher's work are up by over 1000 per cent since 1975 yet even now her work seems good value.



Anna Ancher's painting of a beach at Skogen in Christie's sale on March 16

By some alchemy of colour and understatement this tiny (7x13in) beach-scene makes a surprising impact. Under overcast skies a strong Scandinavian light beats down on orange fishermen's cottages and white beach-huts, on the dry yellow-green grass and a distant strip of dull blue sea.

I expect a shakeout in the Scandinavian market as a result of which prices for the more decorative artists will mark time while the work of serious artists such as Anna Ancher will keep climbing.

★

My final "buy" this month was a pair of rare early 17th-century Italian oak pillars. They stand seven foot high and their carved Corinthian capitals and the strands of foliage climbing from their bases show traces of the original, now mellowed, gilding. They cost £6,500 at Arthur Davidson in Jermyn Street, a shop that has a good range of "architectural antiques."

This fairly new generic term includes decorative metalwork, fanlights, balustrades and so on – anything that adorns a house other than its standard furniture. These pillars would look silly just standing against the wall – they are designed to support something, so more will have to be spent creating an alcove or bay into which they can be integrated. They will certainly bring more style and character to a room than any of the Georgian sofa-tables and Louis XVI chairs to be found in a thousand shops round Britain and I expect such elegant rarities to prove a sound investment.

Architectural antiques: £6,500 for a pair of early 17th-century Italian oak pillars from Arthur Davidson

Saleroom

Phillips buys the Pru

IT TOOK the Prudential less than three years to realise that it was not cut out to be a fine art auctioneer. It never really wanted the role anyway. It acquired some of the most respected names among provincial salerooms – Reeds Rains in Manchester; Cubbitt & West of Guildford; Pearson of Winchester – accidentally while on its buying spree of local estate agencies. Some of the larger agencies also owned salerooms which held perhaps a weekly or monthly auction of goods, ranging from chattels to family heirlooms. They were basically offering a disposal service for the furnishings of the homes they were selling.

Now the 16 salerooms which briefly formed Prudential Art Auctioneers have been sold to Phillips for a seven figure sum, and within a matter of days will be incorporated into Phillips national chain of 20 auction houses. It is a natural fit. There are only two overlaps – in Manchester and Cardiff – and Phillips gains access to some profitable salerooms in the south, in towns like Sevenoaks, Guildford, Winchester and in the Isle of Wight, an area where it has traditionally been under-represented.

Phillips, a private company, has recently abandoned its attempt to be a major international force among auction houses, running down its operation in New York, the only serious rival to London as an art centre. It can now concentrate on what it does best – disposing of thousands of small lots, many valued at around £100, through an unrivalled chain of small salerooms.

Christie's and Sotheby's disdain this business, preferring to handle fewer but larger lots, ideally each over £1,000 in value, in their main rooms while letting Christie's in South Kensington and in Glasgow, and Sotheby's in Chester and Billingshurst, handle the cheaper stuff. They cannot imagine how Phillips makes a profit from such a low value, high turnover operation. After all they can generate almost as much from one 90-minute sale of top quality Impressionist and modern pictures than Phillips, with an annual turnover of £95m, can achieve in a year.

Mr Christopher Weston, chairman of Phillips, says the secret is to let the men on the spot get on with running the business and interfering as little as possible. Obviously some of the goods brought into the local auction house, roughly a third of the total in value, are important enough to be sent on to London for a specialist auction but the rest gets hammered out at a generally weekly auction.

The Prudential never quite got its costings right and, like other small auctioneers, was worried by a recent court case in which a Guildford saleroom, Messengers, was sued for around £100,000 because it wrongly attributed two paintings which were subsequently sold by Sotheby's as by Stubbs. It is just not viable for small regional auctioneers to have experts in all fields on permanent call, and mistakes in cataloguing can obviously be very expensive. To insure against such mishaps is almost as ruinous.

In addition when the Pru did get a really big auction, the dispersal of the locked away contents of Old Henham Hall in Norfolk for over £1m, the vendor, the Aussie Earl of Stradbroke, drove such a hard deal that the profits were negligible. It was an easier operation to run down the network, closing some obviously unprofitable salerooms, and loading work on to a few undoubted experts. In the end the game was considered not to be worth the candle, especially at a time of stagnating house sales.

It is possible that other financial institutions who found themselves owners of salerooms while buying up estate agents – General Accident, Nationwide Anglia and the Halifax – might also look again at their acquisitions. Phillips has already bought the Alderley Edge rooms briefly owned by Hambro-Countrywide, and will consider more purchases.

Phillips will probably close some of its new rooms – the operation in tiny Sturminster Newton is only three miles from its successful auction house in Sherborne – but it is likely to be left with at least 30 auction houses. This will convince its rivals that Mr Weston basically runs a very successful property business. The assets of Phillips, all those freeholds in High Street sites, must be very substantial compared with the profits generated from auctions, and no doubt some of the centrally sited premises will be developed into offices.

The history of the auction houses is one of amazing stability. All the three majors can trace back their origins to the 18th century and although there have been attempts to crash into the market, notably by British Car Auctions and recently by the Geneva based Hapsburg Feldman, the domination in expertise by Sotheby's, Christie's and Phillips, plus unrivalled contacts, makes such invasions very difficult. Even the constant rumours of a takeover of Christie's remains in the realm of speculation. As Mr Christopher Weston sets off on his tour of his new properties he can enjoy the satisfaction of knowing that once again the Old Guard has seen off a new challenge.

Antony Thorncroft

Strindberg stars in Scandinavian sale

IT MAY come as a surprise to many people that the star turn in Christies' sale of Scandinavian paintings on March 16 – a picture expected to realise in the region of £1m – was painted by Sweden's greatest playwright, August Strindberg.

Strindberg's literary achievements have inevitably eclipsed his fame as a painter, but his involvement and influence in Swedish art of the late 19th century was great enough to amount to a virtual double life. Strindberg himself rated his painting higher than his writing.

He was born in Stockholm in 1849, the child of a steamship agent and a former waitress. He left Uppsala University without taking a degree and eked out a living as a freelance journalist while struggling to complete his first play. At 25 he became a librarian in the Royal Library.

At this time he appears to have made his first efforts at painting. He became friendly with a whole group of students at the Stockholm Academy of Arts and became the most influential art critic in the country. In the vanguard of European art, he asserted the pre-eminence of colour and form and condemned the anecdotal and narrative.

Returning from a visit to Paris in 1876, he introduced the Impressionists to the Swedish public. He fired a whole group of young artists with his own radical ideas.

From this period dates his first disastrous marriage to Siri von Essen, who when they met was married to a guards officer. In the stormy years of the marriage he wrote his great dramas about the conflict of the sexes, including *The Father* and *Miss Julie*. His collection of stories, *Married*, led to a prosecution for alleged blasphemy. After the trial, which is said to have affected his mental stability, he left Sweden for Grez, near Paris, where he became the centre of a group of émigré painters.

Between 1892 and 1894 – the period of his second marriage to Frida Uhl, a young journalist - Strindberg practically abandoned literary activity in favour of painting. He exhibited in Stockholm in 1892, then moved to Berlin with his friend the young Edvard Munch, with whom he exhibited in a "gallery of the rejected." In Germany too a new group of German and Scandinavian artists gathered around Strindberg, crystallising as a school of symbolist expressionism.

Strindberg moved on, with Frida, to Dornach, in Austria, where he began to paint in a new expressionist manner bordering on abstract. Here he wrote a remarkable essay, years ahead of its time, "On New Art, or Chance in Artistic Creation."

In 1894 he was in Paris, where his plays were much admired, and where he became involved in a circle that included Gauguin, Mucha and Frederick Delius. When Gauguin's paintings were auctioned, Strindberg contributed the now-famous preface to the catalogue. He also wrote a poetic introduction to the catalogue of an exhibition of paintings by Munch.

Strindberg in his study where "Inferno" hung over his desk

While Frida moved to Vienna and an affair with Frank Wedekind, Strindberg experimented with the occult and alchemy, while suffering increasingly from paranoia. A religious conversion coincided with his return to literary activity and a series of visionary works that included *Inferno* and *To Damascus*.

Marriage invariably seemed to bring on painting; and with his third union to Harriett Bosse, a young Norwegian actress in 1901, he entered on a new phase with a series of symbolic paintings that increasingly reflected a longing for death.

After his many sojourns abroad, Strindberg settled definitively in Stockholm after 1899. The years after the break-up of the marriage to Harriett Bosse were bitter, but he seems to have found some belated consolation in his work for the little Intima Theatre for which his last plays were written. It was here too that the first large exhibition of his paintings was held in 1909 to celebrate his 60th birthday.

Christies' painting "Inferno" figured in that exhibition. It was then owned by Strindberg's friend, the painter Richard Bergh, who wrote to express his pleasure when it returned safely from the show, "deep and forceful and a joy to my eyes. For I had started to glance at it every time I feared my use of colour had become too tame."

Strindberg replied, at once enigmatic and practical: "So you like my Inferno painting. But you must wash it with soap for there are at least seven years of dust lodged on the impasto. Why do you not use the palette knife yourself?"

Strindberg had used his palette knife energetically in laying on the paint. The picture represents a turbulent sky – it looks almost like a water spout – viewed through an arch of trees. The title "Inferno" has nothing to do with the play of the same name, written four years earlier. It referred, apparently, to a "forty-day Inferno" Strindberg experienced after his wife left him during the first serious rift in their marriage, in 1901.

Other pictures in the sale for which high prices are anticipated include an interior by Anders Zorn, with a portrait of his housekeeper (£250,000-£350,000); and a charming picture by Carl Larsson of his son and daughter at "The Evening Meal" dated 1904 (£150,000-£200,000).

In the Danish section of the sale are a group of pictures by Johann Laurentz Jensen, father of Danish still life painting estimated at up to £120,000 each for two elaborate flower pieces.

The annual London sales of Scandinavian paintings are now an established feature of the international art market. Sothebys precede Christies with a two-day sale on March 14-15. It includes two attractive Carl Larsson water colours – one painted at Grez about the time of Strindberg's period there; and "Sunshine in the Drawing Room III" by the Danish Vilhelm Hammershoi – one of those cool, empty interiors, arrested in a moment of living light, that seem particularly characteristic of the turn of the century Scandinavian school.

Janet Marsh

ARTS

Serious humour on Broadway

***Michael Coveney** on the state of New York theatre and an award winning play*

IN NEW York last week the eleventh annual Susan Smith Blackburn Award for women dramatists, worth $5,000, was presented by Jessica Tandy to Wendy Wasserstein for *The Heidi Chronicles*. This week, the play moved onto Broadway, at the Plymouth Theatre, in another attempt to prove that there is life after Andrew Lloyd Webber and hope for new plays in a cut-throat commercial arena.

One can only wish it well and remark that the best of American contemporary playwriting rarely succeeds on Broadway these days. Neil Simon is a special case, and *M Butterfly* a deserved but curiously manufactured hit. The work of Michael Weller, Tina Howe, Christopher Durang, John Guare, even Sam Shepard, remains anathema to audiences nurtured on hype and prepared to pay top whack of between $37 and $45 for a ticket.

Even Robert Harling's *Steel Magnolias*, which opened this week in London's West End, never moved from off-Broadway. Nor did the Pulitzer-prize winner *Driving Miss Daisy* in which Wendy Hiller appeared on Shaftesbury Avenue last year. Both plays are typical of the renewed romancing of the Deep South for easy small theatre digestion. They are soft-centred and disposable. Tennessee Williams grows greater by the year.

Beyond that, there seems to be no consistency about which new plays do move onto Broadway, a fact which drove many dramatists in the New York Times last week to call for an expansion of the Tony Awards to include off-Broadway. But Bernard Jacobs, president of the Shubert Organisation, which is presenting *The Heidi Chronicles* and is Broadway's biggest theatre-owner, stubbornly avers that the best plays *do* come to Broadway in the end.

This is palpably not true in the case of A R Gurney's *The Cocktail Hour*, which is likely to remain off-Broadway's biggest success of the season, and rightly so. The author and producers will settle for a steadily rewarding return rather than play Russian roulette with a Broadway jackpot loaded in one of the chambers. Right alongside *The Heidi Chronicles*, at the John Golden Theatre, Richard Greenberg's *Eastern Standard*, a yuppie trifle of almost insulting thinness and banality, is sustained as a hit merely by the powerful advocacy of a New York Times review.

Equally thin, but more fun, is Ken Ludwig's *Lend Me A Tenor*, co-produced by Lloyd Webber's Really Useful Company. First seen in Shaftesbury Avenue in 1986, this is an interesting return to upmarket base for a delicious piece of farcical hokum initially tried out in the American sticks.

Ludwig is a 38 year-old showbiz lawyer of no great writing pedigree (a piece about Gilbert and Sullivan was once voted best play of the year by the Ottawa critics) but this play, set in a 1934 Cleveland hotel where a charity performance of Verdi's *Otello* is threatened by the illness of a visiting tenor, Il Stupendo (Ron Holgate, as in London), and the manic interference of an ambitious company gofer, Max (the agreeably ingratiating Victor Garber), has made his name as a formidable plotter.

If anything, the proceedings are over-directed by Jerry Zaks, who has knocked half an hour off the London running-time, and tightened the action till it literally bursts out of its stays. The text can barely tolerate this hard and glittering exposure which assumes, wrongly, that for farce to be effective it has to be heartless.

Still, Garber is an energetic treat, though less of a touchingly blooming virtuoso than was Denis Lawson in London. And there is a classic display of frozen-stares, slow burns and rampant anxiety by Philip Bosco as the manager. The girls are all beautiful, and beautifully costumed by William Ivey Long. Tony Walton's setting of metallic silver and brutalist art deco detailing reflects the transatlantic transition from relaxed enjoyment to ferocious frenzy.

I prefer my humour to be serious, as it undoubtedly is in *The Heidi Chronicles*. The play won the Susan Smith Blackburn because the consensus among the judges (in America, Miss Tandy, Edith Oliver of the New Yorker, Jon Jory of the Louisville Festival; in England, the actress and writer Fidelis Morgan, director Michael Attenborough, myself) was that it took a difficult form, the chronicle play, and imposed on it an architectural consistency and rhythm.

It was also, line for line, funnier by a mile than any other contender. And that wackiness is endemic to a post-feminist view of where and how good intentions and social prescriptions solved nothing. Heidi is an art historian, and her wryly acerbic critical ability, a touch of the Germaine Greers, revealed in a lecture that enfolds the evening, is displaced by a thunderous monologue about the let-downs of two decades. At the age of 39, she adopts a baby and starts over in a bare apartment.

Joan Allen and Peter Friedman in "The Heidi Chronicles"

Heidi's progress from gauche schoolgirl through fund-raising mixer for Eugene McCarthy in 1968, a self-help rap group at Ann Arbor in Michigan two years later, a 1974 Women in Art demo in Chicago ("No more master-penises"), restaurants and TV studios in the 1980s, is hedged around with various friendship campaigns. These are fitfully conducted with other women, and with two men, a reformed radical journalist (Peter Friedman) and a gay paediatrician (Boyd Gaines).

The scrupulousness of the writing and the epic ambition of the structure are not qualities Broadway would now dream of fostering. The play started in Seattle with the present director, Daniel Sullivan, and was developed at André Bishop's ever invaluable Playwrights Horizon.

It is exceptionally well acted, although Joan Allen as Heidi was confusing blank vacuity with temperamental non-commitment at the first preview last week. The performance will undoubtedly grow and prosper when it finds a consecutive momentum. The designs by Thomas Lynch are deft, cool, witty and colourful, and are operated with a slick flair comparable to that lavished on the Jerome Robbins love-in across the street.

Whether Wasserstein's play makes it to London is another matter. I think it *should*, for it tells us much about American contemporary life, as well as offering a compulsive study in solitude amidst all the gregarious cheer-leading. It is like a Caryl Churchill play with jokes, and its presentation at, say, the Royal Court, would do that venue, and its audiences, a lot of good.

Meanwhile, Wasserstein's runner-up in the Susan Smith Blackburn was Timberlake Wertenbaker for *Our Country's Good*, a wonderful Royal Court play that is embarking on a tour of Australia and Toronto before returning to UK base in the autumn. Good drama, be it specific, sharp and local like Wasserstein's, or meditative, poetic and metaphorical like Wertenbaker's, will leap all barriers and conquer all lands. Eventually.

Records

Lucky with the casts

***Andrew Clements** reviews recent opera*

TWO SETS with José Carreras and two with Mirella Freni, and Freni also took the title role in Sinopoli's own version of *Manon Lescaut* when it appeared on record four years ago, as part of the Puccini cycle for Deutsche Grammophon of which the new *Butterfly* is the latest instalment. That was a very different, more ponderous creature from Chailly's recording, in which natural pacing and an avoidance of excessive point making are the most pertinent characteristics.

Chailly takes an exemplary, briskly efficient line, obtains alert rather than outstanding orchestral playing from the Bologna orchestra and relies upon his singers to make nearly all the dramatic effects for him. In both of the leading roles he is lucky with the casting, for Te Kanawa and Carreras turn in performances that deserve to be ranked with the best of their studio work so far.

Te Kanawa is at her most exuberant and free-voiced in the opening scenes, and even though she fails quite to get to the root of Manon's despair in the final act, there are always enough inflections and shadings in her singing to give the girl three-dimensionality. Carreras makes a good deal of Des Grieux's passionate commitment, and they are well supported by Paolo Coni's Lescaut, and William Matteuzzi's Edmondo, less so by the gruff Geronte of Italo Tajo.

Sinopoli's *Butterfly* has many of the characteristics of his Puccini conducting that one remembers from the opera house, without the moments of sheer incomprehension that punctuated his *Tosca* at Covent Garden in 1987. The slow tempi and exaggerated rubatos, coupled with the unexpected emphases and quirks of balance, would again seem a recipe for idiomatic nonsense and a total loss of dramatic credibility but the result is a great deal better than that, and to counteract the passages which leave one tearing out hair in rage and frustration there are moments of real insight in a fresh intelligence is brought to bear on music one thought one knew all too well.

It is Sinopoli's tendency to place details in notional quotation marks that jars most – a phrase will be seized out of context and given a wholly different treatment, as if it were a self-contained musical object with a validity in its own right. But the coherence is never threatened too much, and the plan of each act is preserved, if occasionally pushed almost to breaking point.

Puccini: Manon Lescaut. Te Kanawa, Carreras, Coni, Tajo, Matteuzzi, Zimmermann, Orchestra and Chorus of Teatro Communale di Bologna/Chailly. Decca 421 426-2 (two CDs)

Puccini: Madama Butterfly. Freni, Carreras, Berganza, Pons, Ambrosian Opera Chorus, Philharmonia/Sinopoli. Deutsche Grammophon 423 567-2 (three CDS)

Chaikovsky: Eugene Onegin. Allen, Freni, Von Otter, Shicoff, Burchuladze, Leipzig Radio Chorus, Dresden Staatskapelle/Levine. Deutsche Grammophon 423 959-2 (three CDs)

Absolutely on the credit side are the playing of the Philharmonia, bold, rich and refined, and the singing, which lacks any significant weaknesses. This is Mirella Freni's second Butterfly on record, and she is allowed, or takes upon herself, far more expressive freedom than she attempted under Karajan. The lines are bold, the emotions sharply registered, and the steadily accumulating pathos finally overwhelming.

Carreras, in a recording made just a month before the *Manon Lescaut* is equally musical, generously expressive, and recorded with greater bloom and power in the voice; perhaps Pinkerton is made too sympathetic, his weakness demoted to a mere foible, but the winning enthusiasm of the singing is hard to resist. Both Terese Berganza's Suzuki and Juan Pons' Sharpless are ingratiating performances, giving the set altogether a solid central core that anchors Sinopoli's idiosyncracies even at their most extreme moments.

The new *Onegin* merits an almost unreserved recommendation. Coarse-grained orchestral playing and exaggerated rubato from James Levine sometimes dull the lustre, and the ill-tuned, smug presentation of Gremin's aria by Paata Burchuladze is the one real miscalculation in what is a superbly consistent cast. But the impassioned singing of the Leipzig chorus – the opening of the second act is positively electrifying – and much of Levine's urgency keep the dramatic temperature high. and the central performances by Freni and Thomas Allen are compellingly vivid.

Freni is at first sight an unlikely Tatyana, though she sang the role most memorably at Covent Garden last year, and she sometimes lacks a degree of youthful freshness – the Letter Scene takes a little time to gather momentum – but when all the emotions are engaged she never falters. It is hard to think that Allen has done anything better than this Onegin on record, rounded out a portrait more completely or sung with such unwavering passion and absolute confidence of line. The closing scene is quite shattering; it is hard to think it could be better done by any contemporary pairing, and Levine is at his most diligent there also.

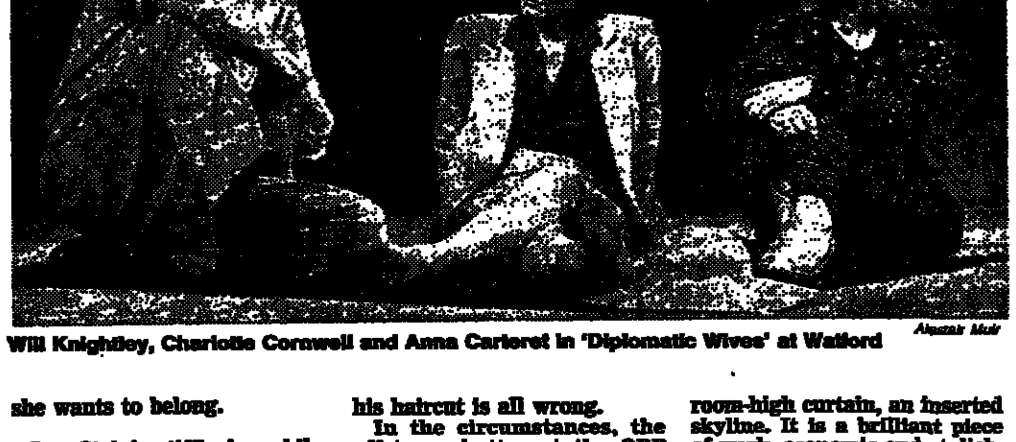
Please let me go to the party

BY HER own high standards, Louise Page's new play at the Palace Theatre, Watford, is a disappointing failure. *Diplomatic Wives* starts in Cairo airport, retreats to the British Embassy where preparations are in hand for the QBP, the Queens' Birthday Party, tracks back 18 years to a Bristol student flat, flashes forward again to the Embassy and the Egyptian desert, and finally comes to rest by a swimming pool decked out in bunting for the aforesaid QBP.

Sounds promising, eh? There are only three characters. Christine has sacrificed her own diplomatic career to support John's, even though he is never going to "get Washington." Their former university tutor, *Libby, is flying in from* Nairobi for the QBP, and to update them and us on how she has written a book, quit teaching, joined the Voluntary Service Overseas, married a dentist and succumbed to a sense of well-educated helplessness in the face of Third World poverty.

Chris is in crisis. Someone called Henry has asked if she wants a posting in Tunis. She wants John to want her to go, and also wants him to want her not to go. In the student flashback – with a quick burst of flared trousers, polo neck sweater and a round orange lightshade – Chris reverts from svelte sheeny Embassy wife to a brightly chaotic Geordie star pupil, while John balances his affair with Libby against his expectations, dependent on her, of a First Class degree.

In the present, John's first wife, Tess, died seven years ago. George, we learn, never kissed Libby's toes like John did. Kit, the son being waved off from the airport in the first scene, is the adolescent offspring of John and Libby (I think). Someone called Erica is mysteriously mentioned in the last scene. Chris, not all that convincingly, throws over the career opportunity because she wants to belong.



Will Knightley, Charlotte Cornwell and Anna Carteret in 'Diplomatic Wives' at Watford

Alastair Muir

Lou Stein's stiffly immobile production never succeeds in vesting these emotional twists and summaries with any density or texture. *Nor do the performances* of Charlotte Cornwell as Chris and Anna Carteret as Libby. These are fine actresses left high and dry by the material. Will Knightley as John is simply mis-cast as a diplomatic smoothie, and his haircut is all wrong.

In the circumstances, the offstage chatter at the QBP becomes positively entrancing, and you feel like getting up and going off to the wings to *pick up a glass and a canapé*. The best part of the evening is the design, superbly lit by Rory Dempster. Martin Sutherland has provided a baked desertscape of flats and backcloth which can be tellingly transformed by a chandelier, a room-high curtain, an inserted skyline. It is a brilliant piece of work, economic and stylish.

The play is the long-delayed result of a Critics Circle Award in 1985, designed to *encourage new writers to provide* product for the West End. Which only goes to show you cannot prescribe commercial success. Miss Page will bounce back.

Michael Coveney

Radio

Not the cat's whiskers

THE ANNUAL Review of BBC Research Findings, 1988, says that children's interests are to have more importance in public service broadcasting. There were questions about children's programmes in last week's *Feedback*, and Chris Dunkley brought in Michael Green, Controller of Radio 4. They were indeed trying to revive interest, Mr Green said; they would sustain the Sunday 6.30 slot, currently occupied by *Cat's Whiskers*. (I hope he hadn't heard the children Chris Dunkley had been talking to. *They* never listened to *Cat's Whiskers*).

I tried it out when it was new, and found it too much like *Blue Peter* and too little like *Grange Hill*. Last Sunday I liked it well enough – a story in rhyme about Stanley Bagshawe, who carelessly made a 14-foot bicycle wheel; an interview with an Antarctic explorer; a serial where the instalment ended in a bomb-shelter, with bombs falling; a chat with Bill Beaumont (Rugby, not Soccer, but then he's also a TV personality). We had a birthday roll-call (no twins) and jokes sent in by listeners.

Blue Peter quality still, I reckoned. At transmission time, BBC1 did the news and *Songs of Praise*, BBC2 *The Money Programme*, so it wasn't BBC television keeping young minds elsewhere. I'd guess it was mostly *Top 40* on Radio 1.

BBC's Radio Gloucestershire, Radio Shropshire and Radio Hereford and Worcester all told me they had no programmes specifically for children. Nor has independent Severn Sound. All those BBC local stations give *Top 40* at *Cat's Whiskers* time.

Yet surely local radio, with its commitment to the community, is the ideal medium for children's radio. There could be items likely to be familiar to them, and more chance of hearing their own names on the air than on a national network. Chris Dunkley's young mates didn't agree on a time. Some wanted a programme late enough to let them finish tea and homework. One bright voice opted for 4.30. Lot of homework she does.

Radio 2's history of the jukebox on Tuesday, called *Drop the Coin Right into the Slot* after the introductory song, might well lure mature children, though almost at once we heard that a good place for jukeboxes was the brothel. Mostly we learned of the moguls of the jukebox industry, and we heard one of them, 91-year-old David C. Rock-ola. For nostalgic children, we had Bix Beiderbecke and Adrian Rollini, Louis Jordan singing "Take me right back to the track, Jack," the Andrews Sisters in "Shoo shoo, baby," and The Vipers in that masterpiece of monotony, "Cumberland Gap."

Yesterday, Radio 3 had another sociological romance for us, Elias Canetti's *The Numbered*. Everyone has an allotted life-span, recorded in a locket given in youth, and can die only at his official Moment. To lose, or steal, a locket is called murder, and you never confide your real, birthday-reckoned, age.

The central story of Fifty, who declined to die at his Moment, forced his locket open and found it empty, and led a campaign against the regulations, is ordinary, but the examples of life in such a world are curious. Girls seek high numbers if they aim at a lasting marriage, or a sequence of low numbers if they like variety. A woman does not grieve at the death of her little daughter Seven, for she knew already of the child's Moment, and it would be wrong to try to extend her age. A bad boy is allowed every kind of naughtiness – he is a Ten, not long to go.

When all lockets have been discarded and everyone expects to live for ever, Fifty goes to the Keeper, who controls the system, and asks how he can stop it. The Keeper reminds him, in the moral of the tale, that men were contented when they were not afraid. Unlike *RUR*, *The Numbered* deals with emotions such as most of us have. It needs only instant acting, however; no scope for Peter Barkworth as Fifty or Robert Eddison's Keeper. John Theocharis directed.

B.A. Young

Concert

Parsons and friends celebrate at Greenwich

APPARENTLY Thursday was not the actual day of Geoffrey Parsons's 60th birthday, but it is difficult to imagine him celebrating the event before a more appreciative company of well-wishers than was gathered here. The setting was the Royal Naval College Chapel at Greenwich.

Ever since Gerald Moore announced his retirement, with a farewell recital that the friendly atmosphere here brought to mind, Geoffrey Parsons has more often than not been the accompanist chosen by the major singers of the day in recital. His ability to provide a cushion of sound from which the voice can always count on deriving support and comfort must be an important reason why singers favour him. He also, simply, plays very well.

For this event in the Mobil Concert Season at Greenwich he presented us with "Geoffrey Parsons and friends." The invitees were Eiddwen Harrhy, Janet Baker, Laurence Dale and Thomas Allen, making up in individual vocal distinction what they lacked as a well-balanced quartet. Both Schumann's *Minnespiel* and Brahms's *Liebeslieder* have known more spirited performances, though it seems ungenerous to carp when the music-making in general was on a high level.

The success of the recital was the inclusion of the cycle *From Jewish Folk Poetry* by Shostakovich. Besides providing a welcome solid core to the programme, these pithy songs brought out the best in the solo voices. Dame Janet found any number of shades of soft, piano singing with which to colour the delicate "Lullaby."

Through each item the distinctive Parsons sound at the piano could be recognised and enjoyed, though for once the accompanist's burden was shared, with Christopher Middleton a very able partner in the Schumann and Brahms duet accompaniments. It would be a bit hard to do all the work at your own birthday celebrations, after all.

Richard Fairman

CHESS No. 763

1...N-N4! wins the QRP and the game after 2 P-QR4, N-B6; 3 B-B2, N-K7 ch; 4 K-B1, N-Q5 or 2 B-B2, N-B6; 3 P-QR3, N-K7 ch and N-Q5.

SPORT

The big question: can they come back?

***John Barrett** wonders if tennis players John McEnroe and Tracy Austin can reach the very top again*

EVEN WHEN his hair had turned white, Father William, as I recall, still enjoyed standing on his head, a contortion that caused his son to ask: "At your age, do you think it is right?"

Whether two-year-old Kevin McEnroe has thought to question his father's more violent physical contortions, in training and in matches, that have hauled him back from relative obscurity to No.6 in the world rankings, I doubt. But when Kevin and his younger brother Sean are old enough to understand these things they will, I am sure, begin to realise the immensity of their father's achievement.

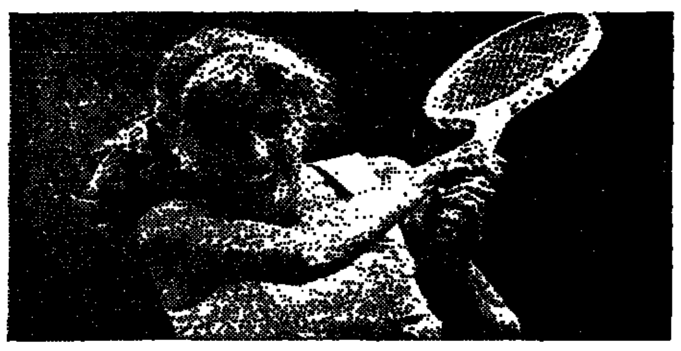
According to the rules that govern ordinary sporting mortals, deposed champions never come back. But then, no-one could ever accuse John Patrick McEnroe of being ordinary. Less than one year after returning from a self-imposed seven months exile from the mainstream of the sport, the former World Champion, who turned 30 last month (late middle-age in modern tennis terms), has just achieved what no-one believed possible.

A week ago in Dallas he beat the present world No 1, Ivan Lendl, in four rugged sets in a four hour semi-final of the prestigious World Championship Tennis tournament. Less than 12 hours later he beat fellow American Brad Gilbert in straight sets to claim the WCT title for a record fifth time. It was his eighth appearance in the final there, exactly ten years after his first. Even allowing that McEnroe is probably the most gifted hitter of a tennis ball I have ever seen, this was still a remarkable performance in terms of restored mental and physical toughness – elements which have been lacking over the past months. "I only got four hours sleep – my legs began to tighten up and I was beginning to feel dead," he said.

Why is it so difficult to make a comeback? Why have so many tried and failed? Well, there are divers reasons. Stiffer competition, stiffening joints, slower reflexes, insufficient preparation, lack of match play, a dented ego, a lack of total commitment, insufficient incentive – these are some of them.

Any of you former club champions who have ever tried to make a comeback will know that during the early days of rehabilitation there is an agonising period of self-doubt. It is hard to adjust to losses against players who used to give you no trouble. All of you will easily identify with the former US No 1 Tracy Austin who, this week in California, at the age of 26, played her first competitive singles match for five years - and lost 7-5 5-7 6-1 to Nicole Provis. The 19-year-old Australian, had no respect for Tracy's reputation. She had been a nine-year-old schoolgirl in Melbourne when the former American prodigy had become the youngest-ever winner of the US Open in 1979 at the age of 16 years nine months.

On Wednesday Tracy suffered the usual inhibitions. "I didn't attack the ball, which is normally my game. I was nervous and that affected my feet . . . they wouldn't go where I wanted them to," she said. Then she added wistfully: "There are so many things to get back".



Tracy Austin: looks determined

Remember the feeling? Lack of confidence is the most unnerving experience. You forget what to do on the important points. Instead of making your opponent play the ball like you always used to, you hit a wild return into the bottom of the net or drive it yards out of court and stand there shaking your head in disbelief at your own stupidity.

One of the saddest sights I ever remember was seeing Bjorn Borg attempting his first comeback in 1982 at the magnificent Country Club in Monte Carlo, Bjorn's adopted home at the time.

Borg was 26. His opponent in the second round, the left-handed Frenchman Henri Leconte, was 19. The crowd of 8,000 left Borg in no doubt of his popularity. When Leconte served for the match at 5-4 in the final set they were silent. As Borg broke back they erupted but fell silent again as the familiar topspin drives missed their mark again. It was eerie sitting there watching this once-great player, the six-time French champion who had become virtually invincible on clay courts, fumbling his way to defeat. He was missing the lines by feet, not inches. Afterwards he told me how strange it had felt. He knew what he had wanted to do but the ball no longer went where he intended. That is the big difference between practice and match play.

Today's players face a teasing paradox. The intensity of competition and ever-rising world standards make it increasingly essential to plan breaks into the schedule. Yet too long an absence destroys the instinctive match-playing skills upon which all champions depend. A few losses shake the confidence and remove the aura of invincibility. Careers are inevitably getting shorter.

One caught in the middle of this very dilemma is Mats Wilander. Trying to snatch a rest at the end of 1988 he went into the Davis Cup final against Germany underprepared and lost disastrously to "Charlie" Steeb. The same thing happened in Australia where Ramesh Krishnan took advantage of his frailty in the second round. With millions in the bank and shin splints causing him pain when he does play, motivation must be a real problem. It would not surprise me if Mats followed Borg into retirement.

The latest to tread the comeback trail is Hana Mandlikova who took six months off after Wimbledon last year. After below par results in Australia she has just scored an important psychological win over Chris Evert in California. Like McEnroe, she has talent in abundance but has rarely been able to produce it on demand.

With his sights set firmly on Wimbledon, McEnroe should take heart from the achievement of Bill Tilden. This greatest of the pre-war Americans won Wimbledon in 1920 and 1921, the last two years at the old Worple Road ground. With the move in 1922 to Church Road, the Challenge Round was abolished and Tilden stayed away. He did not return until 1927 and, though still acknowledged as the world's greatest player, he nevertheless lost to a Frenchman in the semi-finals for three years in a row. Finally in 1930, at the age of 37, Tilden did triumph for a third time at the expense of fellow American, Wilmer Allison. No player has won singles titles further apart.

But even if John McEnroe never again wins one of the four Grand Slam Championships upon which he has set his heart, he will know that he has already won a personal battle. As he completes his bedtime reading for Kevin . . .

"In my youth," Father William replied to his son, "I feared I might injure the brain. But now that I'm perfectly sure I have none, Why, I do it again and again."

John will also have the satisfaction of knowing that by winning in Dallas he has turned a basic sporting belief on its head.

John McEnroe: wants to be at the top

English kings of Albania

*England ought to qualify for the World Cup finals, says **Philip Coggan**, but if they fail it won't be a disaster*

THE KINGSHIP of Albania was once offered to C.B. Fry, the great turn-of-the-century British sportsman. He was, after all, a man who could play county cricket, appear in the FA Cup Final and break the world long jump record, all in the space of a few days.

Although England's football players managed a 2-0 victory in Tirana on Wednesday, it seems unlikely that the modern Albanians will shower any of the England players with honours. It was a workmanlike rather than an overwhelming performance.

However, it *was* a victory and having suffered the European Championship whitewash, England supporters should be grateful for any triumph. It was hard, even for the tabloids, to draw the conclusion that manager Bobby Robson should be sacked immediately.

The key question is, of course, whether England now has a strong enough team to qualify for the World Cup. The overwhelming problem for the England players and manager is that the Press and public seem to be stuck in some bygone age when Britannia ruled the waves and the national side won everything.

It seems to be a long-term triumph of xenophobia over experience. Just because Albania is a small and politically isolated country, that does not mean that its footballers are any less likely to be able to dribble, shoot or head the ball than players from an industrialised Western democracy.

Anyone who watched the match on Wednesday could see that the Albanians looked comfortable on the ball, broke fast, played first time passes to feet, attacked down the middle of the pitch as well as down the flanks and were prepared to run straight at central defenders, forcing them to turn. All characteristics, in other words, of a strong national side.

England's defence looked understandably vulnerable against such tactics. Indeed, there has rarely been a time over the past few years when England's defence has not appeared fallible.

Bobby Robson has been criticised for persisting in playing four at the back, with two big central defenders, rather than opting for a sweeper system. But given that most English clubs don't play with a sweeper, it is hard to see how the national side could perform successfully in such an unfamiliar pattern.

And besides, who would play as sweeper? The only plausible candidate would seem to be skipper Bryan Robson but as he is needed both in midfield and as a main goalscorer, it is hard to see how he can be converted successfully.

England would be better placed to ensure that their defenders have the pace to cope with international strikers, rather than the height and brawn they tend to need to deal with forwards in the Football League.

The fashion is for defenders to be confident on the ball and in particular for the left and right backs to perform as "extra wingers" supporting the forwards. There is nothing wrong with that, in theory, as long as the backs concerned can defend as well as they can attack.

Current England right back Gary Stevens, while impressive going forward, makes too many errors in defence for my liking. Left back Stuart Pearce is not the most imaginative passer out of defence but he is a strong forward runner and a powerful striker of the ball. And best of all, he is a determined tackler.

In the centre of defence, there is as yet no obvious alternative to Terry Butcher although I would prefer, on grounds of pace and flexibility, Des Walker to Tony Adams as Butcher's partner.

In midfield, Bryan Robson, "Captain Marvel" as his manager called him this week, is obviously an ever-present. And on the right hand side, David Rocastle, has staked an impressive claim

But, if Rocastle plays on the right, what is to be done with Chris Waddle? He was played as a striker to no great effect against Albania but that proved little since the Tottenham player is renowned for his inconsistency.

Given the similarly erratic form of John Barnes, it is hard to see how an England side can function properly with both of them playing. And the edge must go to Barnes.

And what about Neil Webb? He has not yet shown the ability – at least in an England shirt – to produce the imaginative, defence-splitting pass that can turn a match. Not many players can do so. The most obvious candidates seem to be Glenn Hoddle, apparently discarded by England but still flourishing in Monaco, and Webb's Forest team-mate Nigel Clough.

The argument against Clough is that he lacks pace but since he will be surrounded by the speedy Barnes and Rocastle, and the all-action Robson that hardly seems to matter.

In attack, many are now suggesting that Lineker has lost his edge. This has been the key element in England's performance over the past year - when Lineker was playing well, he was averaging a goal a game. While he has been off form, England have been forced to rely on Bryan Robson.

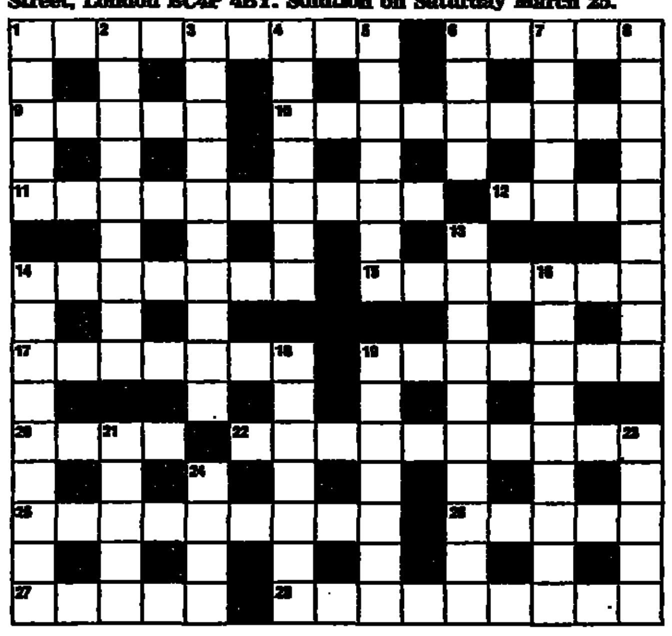
Tony Cottee was earlier being groomed as an alternative to Lineker but he has not been scoring regularly for his new club Everton. Arsenal's Alan Smith, however, is looking more and more impressive. As a striking partner, Peter Beardsley still looks streets ahead of the rest.

If Lineker can regain his touch – or a suitable replacement can be found – England ought to qualify for the World Cup finals. But if they fail, they will be in the company of other strong nations such as France. It will not be a national disaster.

CROSSWORD

No. 6,882 Set by GRIFFIN

Prizes of £10 each for the first five correct solutions opened. Solutions to be received by Wednesday March 22, marked Crossword 6,882 on the envelope, to the Financial Times, 10 Cannon Street, London EC4P 4BY. Solution on Saturday March 25.



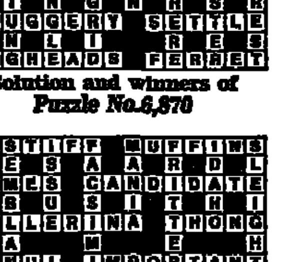
ACROSS

1 "A soft drink or nothing" angered a drunk (9)
6 Set time to enter port (5)
9 Some other men need hot baths (5)
10 Stubborn stain to be removed (9)
11 Strikers, delivery men and others trying to get people out (10)
12 Scraps friend's half day off (4)
14 Oriental scene I reconstructed outside Holyhead (7)
15 Sudden collapse of French cable production (7)
17 Grave of American found in a tree, mutilated (7)
19 End of street that's nearest (7)
20 Function requiring fish dish around the end of April (4)
22 Head waiter sacks Eric for spreading jokes (10)
25 Shaking mat men use for recreation (9)
26 Present formerly given after November 1st (5)
27 Long woolly nearly a pound less (5)
28 Left "Herod" transposition to treble (9)

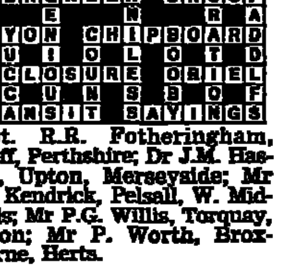
DOWN

1 It ensures the spirit level is accurate (5)
2 Facilities, in other words, poor inmates will be without (9)
3 Plucky goalie stops poachers (10)
4 Appointment accepted by stout preacher (7)
5 Guaranteed dependable in goal (7)
6 I managed without a shower (4)
7 Pulled together and tied (5)
8 Silly lover's pet didn't get up in time (9)
13 Loathing Jack Horner, turns to the church (10)
14 Committee head I introduced daily (9)
16 Endless street party gradually getting louder (9)
18 Distinguished about ten inserting an explosive device (7)
19 He's making poor actor out of soldier (7)
21 She left the scent (5)
23 Get way up river on a horse (5)
24 Consulted nurse around the end of June (4)

Solution to Puzzle No.6,881



Solution and winners of Puzzle No.6,870



Capt. R.R. Fotheringham, Crieff, Perthshire; Dr J.M. Haslam, Upton, Merseyside; Mr J.L. Kendrick, Pelsall, W. Midlands; Mr P.G. Willis, Torquay, Devon; Mr P. Worth, Broxbourne, Herts.

TELEVISION & RADIO

SATURDAY

†Indicates programme in black and white

BBC1

8:25 am Saturday Starts Here. 8:45 Roland's Rat Race. 9:20 Going Live! 12:12 pm Weather. 12:15 Grandstand, including: 12:20 Ice Hockey (Fife Flyers v Murrayfield Racers); 1:00 Racing from Chepstow; 1:10 News; 1:15 Bowls (Embassy World Indoor Championship); 1:30 Racing Chepstow; 1:40 Bowls; 2:00 Racing from Chepstow; 2:10 Bowls; 2:30 Racing from Chepstow; 2:40 Cheltenham (preview of the three-day festival); 2:55 Rugby League; 3:40 Football; 3:50 Rugby League; 4:35 Final Score.

5:05 News. 5:15 Regional programmes. 5:20 The Flying Doctors. 6:05 Jim'll Fix It. 6:40 Little and Large. 7:15 Bob Says...Opportunity Knocks. 8:05 Bergerac. 9:00 News and Sport. 9:15 Midnight Caller: 'After It Happened'. 10:05 Carrott Confidential. 10:40 Film: "Midnight Lace" (1960) with Rex Harrison and Doris Day. 12:30 am The Rockford Files.

BBC2

12:45 pm Network East. 3:25 Film: "The Scarlet Spear" (1953) with John Bentley and Martha Hyer. 4:40 World Bowls (coverage of the semi-finals of the Embassy World Indoor Championship). 6:30 The Triumph of the West. 7:20 Newsview.

8:05 Rhythms of the World: 'The Music of [illegible]

LONDON

6:00 am TV-am Breakfast Programme. 9:25 Motormouth. 11:30 The Partridge Family. 12:00 The Chart Show. 1:00 pm ITN News, followed by ITV national weather. 1:05 Local news and weather, followed by Saint & Greavsie. 1:40 Sportsmasters. 2:10 Film: "Young Harry Houdini" (1986 tv movie). 4:00 Disney Cartoons. 4:15 Woof! 4:45 Results Service. 5:00 ITN News, followed by ITV national weather. 5:05 Local news and weather. 5:15 William Tell. 5:45 Superboy.

6:15 Trick or Treat. 6:45 You Bet! 7:45 Murder, She Wrote. 8:45 ITN News and Sport, followed by ITV national weather. 9:00 Local weather. 9:05 Taggart The Movie... "Funeral Rites" with Mark McManus. 11:05 The Highwayman. 12:00 am Soap, followed by ITN news headlines. 1:00 Night Network.

CHANNEL 4

8:30 am Same Difference (with subtitles and signing). 10:00 4 What It's Worth. †10:30 Film: "Walk East on Beacon" (1952) with George Murphy and Finlay Currie. 12:20 pm Tale About a Beetle. 12:30 Dance with Me. †1:00 Film: "I Dood It" (1943) with Eleanor Powell. 2:35 Channel 4 Racing from Sandown Park. 5:05 Brookside. 6:00 Right to Reply. 6:30 Scottish Eye, followed by weather.

7:00 The World This Week. 8:00 Behaving Badly. 9:00 Film on Four International: "Inspector Lavardin" (1986, French with English subtitles). 10:50 Sounds of Surprise: Ben Webster - The Brute and the Beautiful. 12:45 am Film: "X, Y and Zee" (1971) with Elizabeth Taylor, Michael Caine and Susannah York.

S4C WALES

ANGLIA

BORDER

CENTRAL

CHANNEL

GRAMPIAN

GRANADA

HTV

SCOTTISH

TSW

TVS

YORKSHIRE

RADIO

BBC RADIO 2

BBC RADIO 3

BBC RADIO 4

SUNDAY

†Indicates programme in black and white

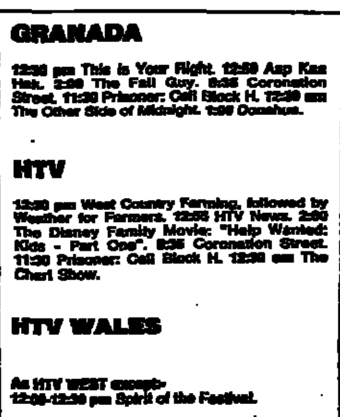
BBC1

CHANNEL 4

BBC2

S4C WALES

LONDON



Johnny Briggs in the Omnibus edition of Coronation Street, tomorrow, ITV, 5.35pm

CENTRAL

CHANNEL

GRAMPIAN

ANGLIA

BORDER

GRANADA

HTV

HTV WALES

SCOTTISH

TSW

TVS

TYNE TEES

ULSTER

YORKSHIRE

SUNDAY

BBC RADIO 2

BBC RADIO 3

RADIO 4